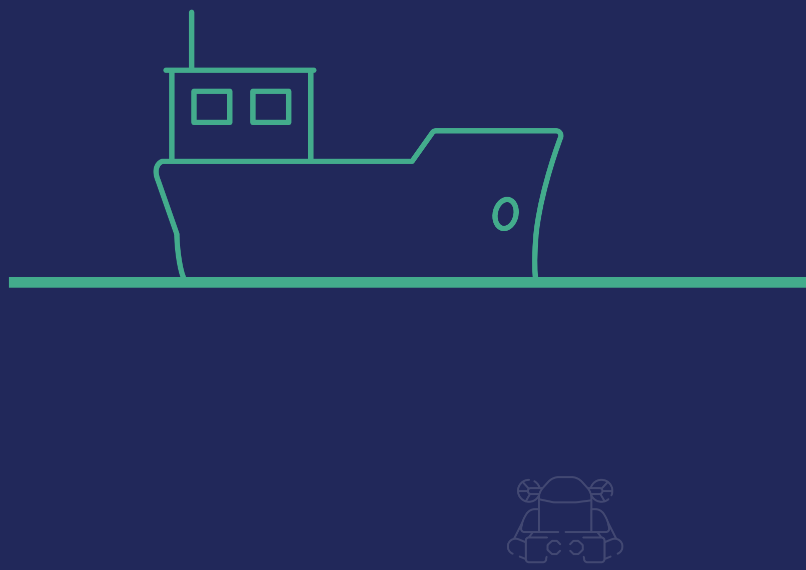
2021

Everything is within Reach

Annual Report

Reflecting the impacts our operations have on economic, environmental and social factors.



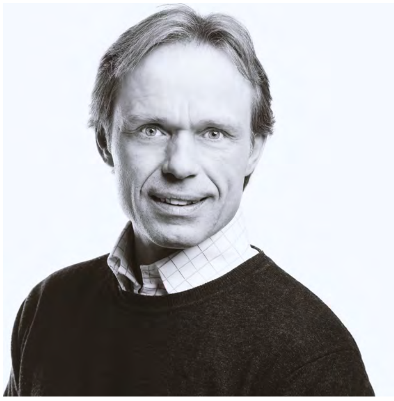
Find out more at reachsubsea.no

REACH SUBSEA

Contents

2021 was an exceptional year for Reach Subsea, marked by record results, high levels of market activity and a value-accretive acquisition. The improvement in the market conditions as the impact of the global pandemic started to subside translated into Reach Subsea delivering the best annual results in its 14-year history, driven by high vessel utilization and successful project execution.

CEO letter



2021 was an exceptional year for Reach Subsea, marked by record results, high levels of market activity and a value-accretive acquisition.

The improvement in the market conditions as the impact of the global pandemic started to subside translated into Reach Subsea delivering the best annual results in its 14-year history, driven by high vessel utilization and successful project execution. The fact that these results were achieved with zero work incidents makes me even prouder. The health and safety of our employees and partners is, and will remain, our top priority.

Record results

We posted a 9% annual revenue advance year-on-year to NOK 687 million, and a 70% increase in pre-tax profit, bringing 12M profit before taxes to NOK 73 million, compared to NOK 43 million in 2020. This is a record result for Reach and is a true testimony to the excellent project execution capabilities, unwavering commitment to quality and agility of our organization in the face of market volatility and the restrictions posed by the pandemic. ROV utilization was at a solid 70 % for the full year of 2021, reflecting the increasing activity levels in the market.

After a long period of volatility and limited market visibility, the market is stabilizing and we're seeing healthy demand across sectors. High commodity prices, led by record-high oil and gas prices, are driving up activity levels in the petroleum sector. On the Norwegian Continental Shelf alone, several additional fields are in the pipeline, with eight development plans submitted in 2021 and dozens expected this year, according to the Norwegian Petroleum Directorate. The emergence of new industries is also gathering pace, as reflected by the "ScotWind" seabed tender in early 2022 that auctioned 8,600 km2 of sea space, which could host almost 25 GW of offshore wind, and record carbon capture project pipeline growth globally. Norway's first tender for bottom-fixed offshore wind turbines in the southern North Sea, scheduled for this year, may also offer attractive opportunities for Reach in its home market.

Our long-lasting business relations with the world's largest energy companies, coupled with experience and technology from offshore oil and gas, means that we are well positioned to take part in this structural growth.

Renewables and other emerging market segments accounted for 45% of our project days for 2021, and we expect the share to grow further. At the same time, oil and gas revenues should prove resilient, as ageing offshore installations require more maintenance. Our services will also be needed for decommissioning when that time comes.

Developing into a full-service provider of subsea data and solutions

In December 2021, we announced the acquisition of the geophysical monitoring solutions provider OCTIO and the associated company Monviro. We've worked with OCTIO for many years, so we knew the team was a good cultural fit for us. The same goes for iSURVEY Holding, the acquisition of which we announced in February 2022. iSURVEY is a provider of offshore high-quality survey services.

OCTIO's cost-efficient and highly accurate survey and monitoring technology enhances data value for clients and provides optimal solutions for monitoring of future CO2 reservoir storage. This enables us to expand our services portfolio into the carbon capture and storage (CCS) segment, which we anticipate will generate significant activity in the coming years. iSURVEY's services cover all phases required to convert geophysical data into value. Marrying expert technical knowledge with state-of-the art technology, the company offers a whole range of offshore services. These include seabed survey/IRM services, offshore cable installations, rig moves and mooring, and marine construction.

With the acquisition of both OCTIO and iSURVEY, we're deepening Reach's technology competence, data management and data analytics capabilities and expanding our value chain, thereby accelerating our strategy to become a full-service provider of subsea data and solutions for clients globally. It will enable us to take on larger subsea projects on a global scale and fast-track our expansion into emerging new industry verticals.

In addition, OCTIO's patented technologies and competence will strengthen the data gathering, data processing, and data analytics capabilities of the Reach Remote Unmanned Surface Vehicles (USVs).

Key strategic partner for Reach Remote

I am happy to report that we are on track for the delivery of our first two Reach Remote USVs next year and that we have now onboarded a key strategic partner in this project. In February 2022, we announced that Wilhelmsen New Energy will become a 21% shareholder in Reach through subscribing for NOK 150 million in a directed private placement. The investment agreement forms part of a broader partnership, which will include collaborating on Reach Remote.

We are very pleased to welcome an established industry player such as Wilhelmsen as a strategic partner. Wilhelmsen has been a pioneer in driving autonomous and remote marine operations and represents the ideal global partner needed for Reach to commercialize Reach Remote. By combining our core maritime competencies, global footprints, and wide-ranging networks, we will scale the Reach Remote project and future-proof the marine subsea services through safe and sustainable solutions that will dramatically lower operational costs and the environmental footprint of our operations.

Reach Remote will build on framework agreements already in place to position Reach as a preferred supplier of survey-, inspection-, and light repair services to the existing subsea market and the offshore wind industry. Reach Remote will also be key to providing services to emerging markets, such as deep-sea mining, carbon storage, offshore aquaculture and environmental surveillance and data gathering.

As it stands, we are firmly on the path of achieving our ambition of providing a full portfolio of subsea services from a low-emission, cost-effective remote and autonomous fleet by 2025.

Well-positioned for profitable growth

Taken together, the events of 2021 and early 2022 marked the start of a new and exciting chapter for Reach, propelling us forward in our vision of taking a global leadership position as a full-service provider of subsea data and solutions.

Going forward, Reach will keep growing both organically and inorganically. We are actively recruiting both in Haugesund, the UK and the U.S. At the same time, Reach's robust financial platform, with limited debt and a strong cash flow, permits us to consider additional accretive bolt-on acquisitions to deepen our technology base, expand our value chain and strengthen our revenue potential and margins.

And while we'll continue to grow, we will also keep working on improving our operations, enhancing efficiency and reducing emissions, thereby creating sustainable value for all our stakeholders. As part of the journey, I am pleased to announce that Reach Subsea met 13 of its 15 sustainability goals it set for 2021.

The war in Ukraine and sanctions related to the conflict are not expected to have a material direct impact on Reach in the foreseeable future. However, the tragedy of war and the desperate humanitarian crisis it creates affects us all. We continue to keep all our affected colleagues, business partners and the people of Ukraine in our thoughts.

Lastly, I would like to thank our customers, partners, employees and shareholders, who have put their trust in Reach Subsea and provided us with so many exciting new opportunities. We will work hard every day to prove that we are worthy of the support we have been given.

Jostein Alendal
CEO, Reach Subsea ASA

We are

Reliable
Effective
Adaptable
Committed
Honest

To find out more about what we can offer, request information about our assets and operations or arrange a meeting, please don't hesitate to get in touch.

Garpeskjærveien 2
5527 Haugesund
+47 40 00 77 10
post@reachsubsea.no

Corporate Structure

Our vision is to be the preferred operator by those who need the best possible subsea partner, one that will always perform above expectations.

- **Reach Subsea ASA**
  - **Reach Subsea AS** (100 %)
    - **Reach Subsea AS Trinidad & Tobago branch** (100 %)
    - **Octio AS** (100 %)
      - **Gravitude AS** (100 %)
    - **Connect Offshore** (100 %)
    - **Surveyor AS** (100 %)
    - **Reach Subsea International AS** (100 %)
      - **Reach Subsea Inc.** (100 %)
      - **Reach Subsea UK Ltd.** (100 %)
    - **Monviro AS** (100 %)
      - **Monviro CCS AS** (100 %)

Meet the Management Team

Jostein Alendal

Managing Director

Education: Automation Engineer. Experience: Technical Manager and co-founder of DeepOcean with group responsibility of all ROV operations. Stolt Comex Seaway AS, Seateam AS and DSND.

25 years in subsea

Inge Grutle

Chief Operations Officer

Education: Master of Science degree in Marine and Subsea Technology. Experience: IMR Engineering Manager and Business Development in DeepOcean and has experience in planning and execution of offshore and subsea operations.

15 years in subsea

Birgitte W. Johansen

Chief Financial Officer / HR Manager

Education: The Blue MBA and Master of Business and Economics. Experience: Account Manager in BNP Paribas, Shipping department. Analyst and Project Manager in Oceanlink Management. Relationship Manager in SpareBank 1 SR-Bank, Energy and Maritime department.

22 years in finance

Bård Thuen Høgheim

Chief Commercial Officer

Education: Master in Finance from Imperial College Business School. Experience: Project Broker in the subsea and renewables market in RS Platou and has experience in offshore industry analysis.

15 years in offshore

Directors Report

The Reach Subsea Group's business concept is to offer high quality services and solutions to any client in need of installing, inspecting, maintaining or removing assets and equipment from the seabed.

Directors Report

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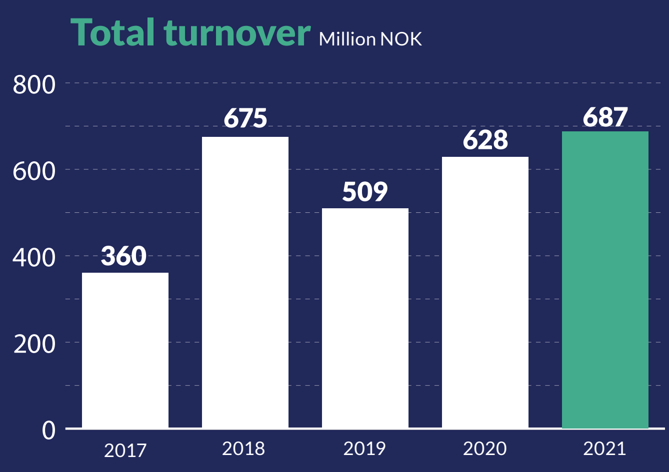
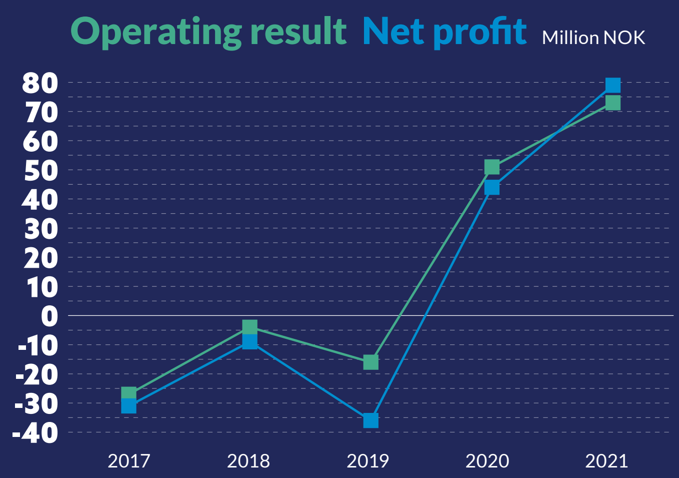
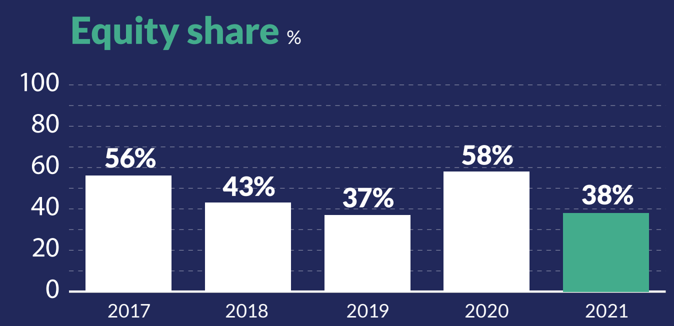


Business concept

The core business of the Reach Subsea Group ("Reach Subsea", "REACH" or "the Group")' is based on modern, high spec Work ROVs operated by highly qualified offshore personnel and supported by our competent onshore project management and engineering resources. Through targeted acquisitions and technology development Reach Subsea broadens its offering into surveying and collecting seabed data, as well as analyzing such data.

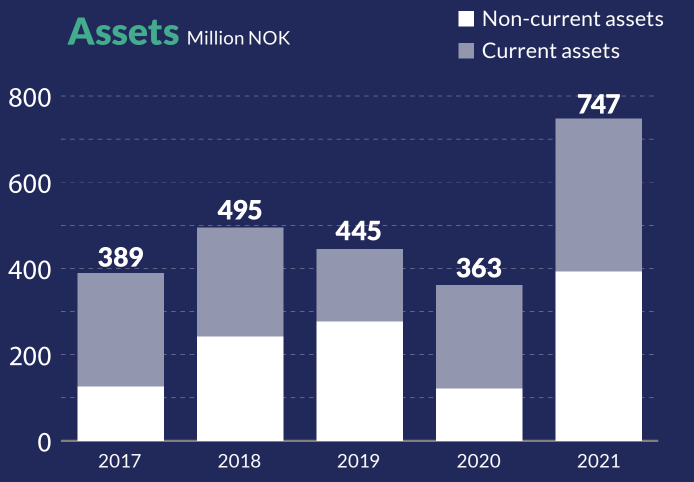
As a platform for performing the subsea services, Reach Subsea aims to utilize modern high specification subsea vessels, which is reflected in the vessels chartered in from various ship owners. The Group's objective is to be a preferred subsea partner and full-service provider of subsea operations for clients, among others by having high focus on safety, environment, financial solidity and profitability. Contracts in the oil & gas, renewables, and utilities sectors are being targeted, securing cash flow and laying the foundation for prudently growing the fleet, asset base and organization in a sustainable manner.



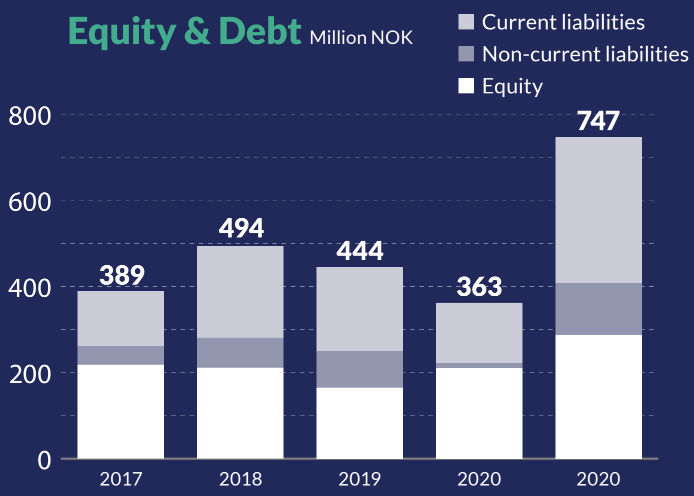


Directors Report

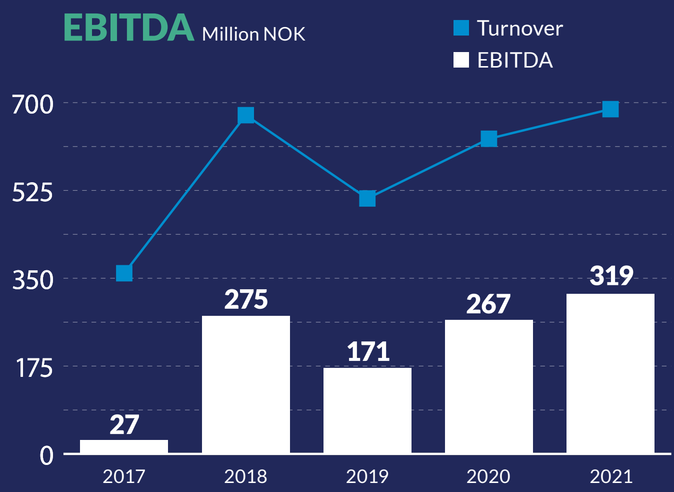
Assets Million NOK



Equity & Debt Million NOK



EBITDA Million NOK



2021 Highlights

Financial

- Record strong annual result driven by high utilization and successful project execution supported by stabilized and improving market conditions.
- Operating result for the year was NOK 79.1 million compared to NOK 51.3 million in 2020. Pre-tax result ended at NOK 73.0 million (NOK 43.1million in 2020).
- Strong balance sheet with 38% equity share (58% in at 2020 year-end).
- The Board proposes a dividend of NOK 0.18 (0.15) per share, in accordance with the company's dividend policy, to be resolved at the AGM on 30 May 2022.
- Net cash flow for the year was NOK 41.0 million compared to NOK 66.4 million in 2020.

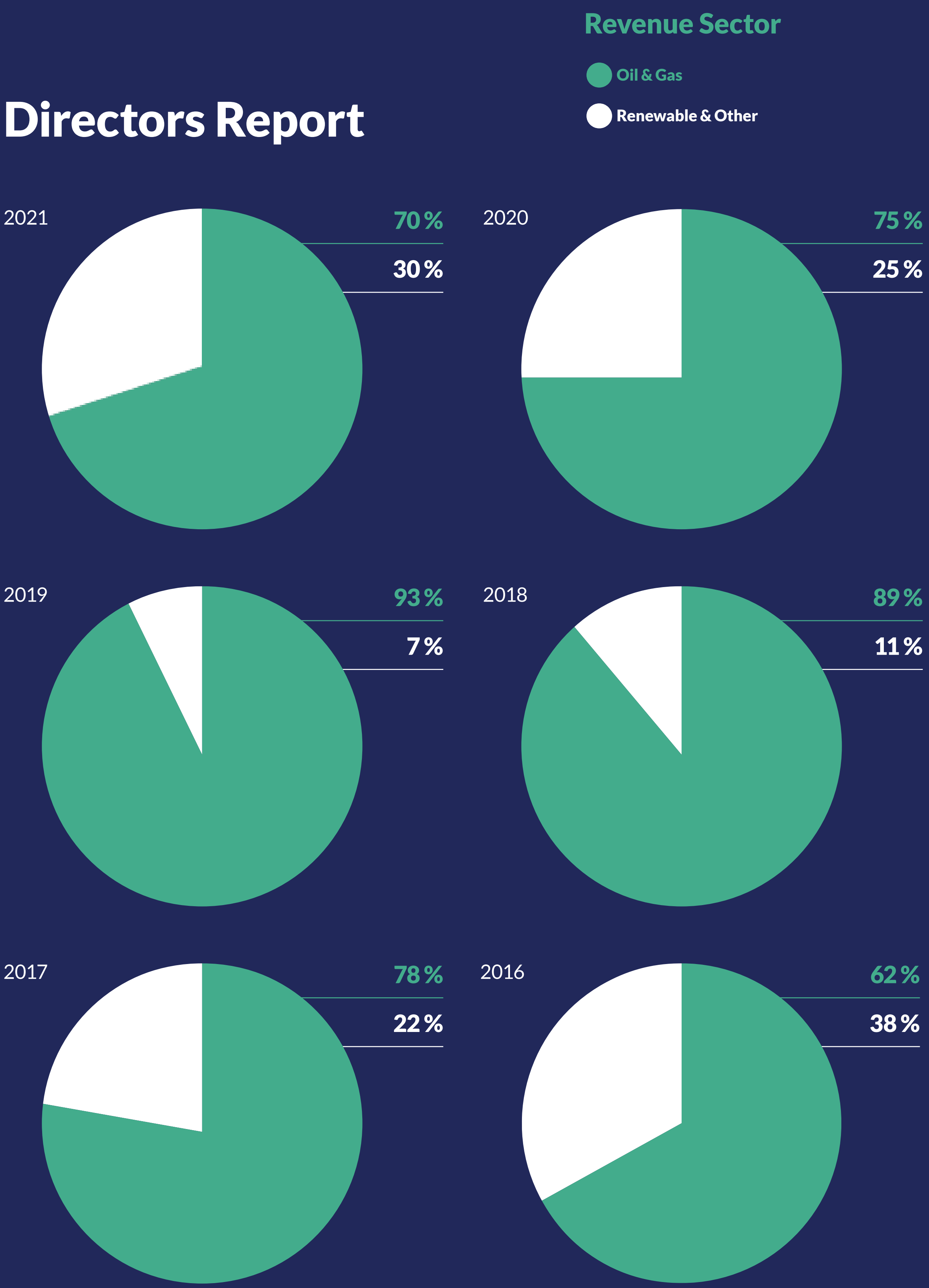
HSEQ

- Despite high activity Reach Subsea has maintained its perfect reputation through 2021.
- All HSEQ goals achieved in 2021
- No serious accidents or incidents.
- No major spills since commencement of offshore operations in 2013.
- 13 of 15 sustainability goals achieved.

Operation

- High client satisfaction (based on post-job surveys)
- High growth in renewables segment during 2021 with 45% (25% in 2020) of project days generated from non-oil & gas clients, driven by major survey projects in the offshore wind sector.
- On track for the delivery of first Reach Remote USVs in 2023, which will significantly reduce cost and carbon footprint of subsea operations.
- After year end, entered into a partnership with Wilhelmsen New Energy to further develop and co-operate on the commercialization of Reach Remote, and completed the acquisition of offshore survey specialist iSURVEY Group.
- Purchased all shares in Surveyor AS (prev. owned 50 %).
- Acquired the OCTIO group, adding proprietary offshore monitoring tools and specialist data management capabilities.

Directors Report



Directors Report

2021 Market Highlights

General

Reach Subsea is now an established subsea service provider. Busy tendering activity through the year for projects in 2021 and 2022.

Oil & Gas Norway

Secured several call-offs under the frame agreements awarded.

Renewables

Awarded several contracts within survey in the renewables market together with cooperation partner MMT Sweden AB. The two in-house developed Surveyor Interceptor ROVs had high utilization with high satisfaction score from clients.

Other business

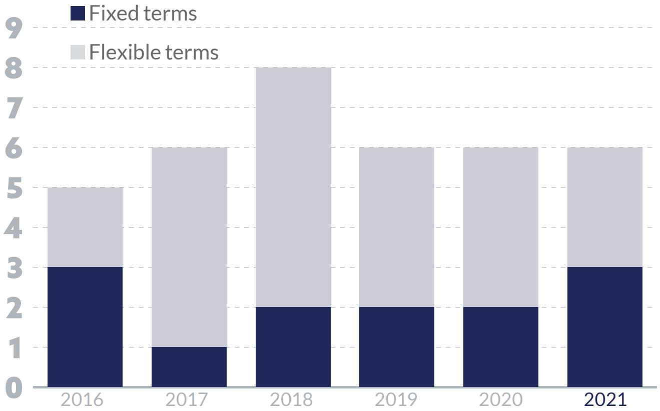
High activity in "emerging sectors", such as offshore fish farm, subsea mining and decommissioning projects.

International activity

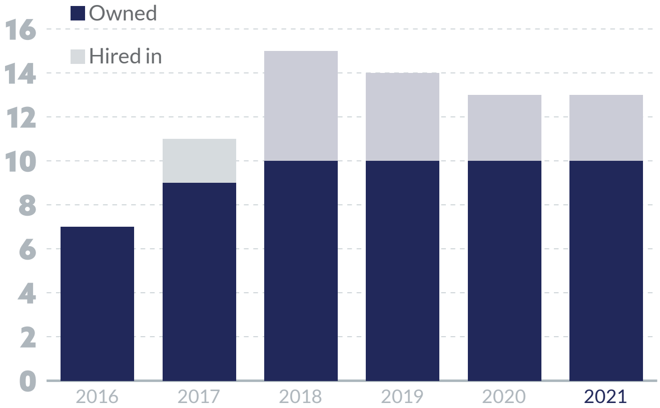
International expansion somewhat limited by the COVID 19 pandemic, however several projects executed in other regions than Europe (hereunder US and Trinidad and Tobago).

Balancing growth & flexibility

Vessels marketed



ROV Systems

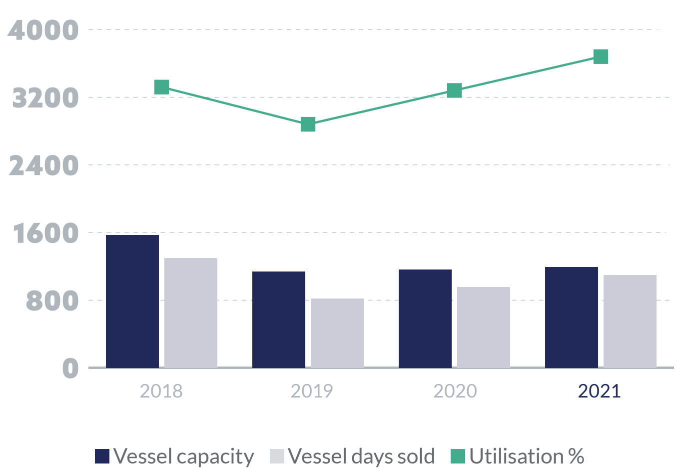


Offshore personnel

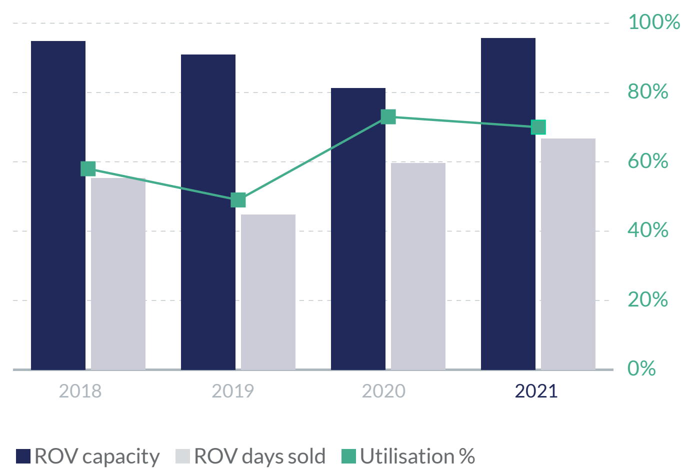
Directors Report

Performance = Utilisation = Profits

Vessels



ROVs



Global operations

This map shows the areas we have operated during the last couple of years along with our current office locations. This illustrates that we REACH further and are recognized in other markets than the home market. Firstly by being invited to tender for work in other areas of the world, but also by performing at a level that met or exceeded our clients expectations.

Examples of areas of operation in 2021: North Sea, Baltic, Atlantic Ocean, Arctic area, Mediterranean, US Gulf of Mexico and Caribbean.

Directors Report

2021 Review

REACH had per year end ten WROV-systems available in addition to two "Surveyor Interceptor" available for subsea operations.

REACH had 3,830 available ROV-days in 2021 (3,250 in 2020 with a utilization of 70 % (73 % in 2020). Furthermore, number of vessel days that passed through our P&L was 1,098 (956). The increase compared to last year is largely explained by higher operational activity and an increased number of project days. A flexible cost base secured strong project results and a positive cash flow.

REACH offshore personnel contracting business, Connect Offshore, continued sourcing highly skilled offshore personnel during the year. This personnel base is highly important in peak seasons, when the number of man hours in operation normally doubles compared to Reach Subsea's own staff.

REACH has not had any serious incidents during the year, which support our objective that the right procedures, well trained personnel and high-quality equipment generate operational success.

REACH had 129 full-time equivalent employees in 2022, of which 14% were female. The sick leave was 5,7%, whereof 3 % short term.

There was no work-related injuries leading to absence from work registered during the year. At 2021 year-end 43 % of the Board of Directors and 25 % of the Management were women.

REACH has per 31th March 2022 a firm order book of NOK 300 million for work in 1Q2022 and beyond, with the vast majority related to work in 2022. The order book figures do not include expected volumes from the frame agreements.

Close cooperation with MMT Sweden AB ("MMT") was an important factor in securing business, as the two companies together have a strong track record in the survey, light construction and IMR (inspection, maintenance and repair) market. Included in the cooperation agreement are joint projects related to the subsea spreads (vessel/WROV/survey equipment) Stril Explorer and Havila Subsea.

In February 2022 Reach Subsea entered into an agreement to acquire iSURVEY, which implies a further strengthening of Reach Subsea's capabilities to offer high-quality survey services.

Offshore operations performed by the Reach Subsea spreads received high client scores in all segments and on all sectors. Our high attention to HSEQ is illustrated by the fact that we have had no serious accidents or incidents since commencement of offshore operations in 2013.

	Q1		Q2		Q3		Q4		Year	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Number of ROV days sold	254	405	734	608	822	861	578	793	2 388	2 667
Number of ROV days available	770	749	875	946	838	1 107	767	1 028	3 250	3 830
Technical uptime on ROV	99 %	98 %	99 %	99 %	99 %	100 %	99 %	100 %	99 %	99 %
Number of offshore personnel days sold	2 522	2 397	5 549	3 121	5 166	4 421	2 543	3 436	15 780	13 402
LTIs	0	0	0	0	0	0	0	0	0	0
Number of Vessel days sold	96	209	268	296	340	306	252	287	956	1 098

Directors Report

Viking Neptune

REACH has one Supporter WROV and one Constructor WROV and delivers all ROV-services onboard Viking Neptun, a construction vessel owned by Eidesvik Offshore. The vessel has performed very well with excellent feedback reports from end clients. In 2020 the vessel was equipped with a battery pack, supporting our strategy towards a greener profile. The subsea spread worked a contract between Eidesvik and Havfram in 2021, and is further signed for contracts with Reach as ROV service provider for at least 180 days in 2022, with start-up early in 1Q2022. Eidesvik recently announced that the vessel has been sold to Deme with expected delivery late 2022. There are various opportunities for further work for the WROVs given the current market situation.

Olympic Artemis

REACH mobilized one Supporter WROV on the vessel Olympic Artemis in 2020. The subsea spread is set up for projects in survey and light construction within the renewables and oil and gas sector. The subsea spread worked in the oil and gas segment in Europe until November 2021, whereafter she started a project for Magseis in the US Gulf lasting well into the third quarter 2022.

Havila Subsea

REACH has Havila Subsea on a time charter agreement from owners Havila Shipping. The vessel is equipped with two owned Schilling WROVs and one Surveyor Interceptor and offshore personnel from Reach Subsea's offshore pool and is scheduled for projects by Reach Subsea and the cooperation between Reach Subsea and MMT. Havila Subsea had high utilization in 2021 and continued to meet our clients' high expectations, amongst other due to excellent performance by Surveyor Interceptor. Havila Subsea is, after some idle time in the winter months, scheduled for a project in the Mediterranean expected to last throughout the second quarter 2022.

Directors Report

Olympic Delta

REACH has Olympic Delta on a time charter agreement from owners Olympic Shipping. The vessel is currently mobilized with two hired-in WROVs. The subsea spread worked on various projects in both the oil and gas and renewables segment in Europe in 2021 and currently has, after some idle time in the winter months, a schedule lasting throughout the second quarter 2022, whereafter she will operate in the spot market.

Stril Explorer

REACH provided ROV services consisting of one Supporter WROV and one Surveyor Interceptor and offshore personnel to the vessel Stril Explorer in 2021. Stril Explorer is a survey vessel on a charter contract from Simon Møkster Shipping to MMT. Projects performed by the Stril Explorer spread are to a large extent ROV/ Survey work handled as a cooperation between Reach Subsea and MMT, where Reach Subsea is responsible for ROV operations. The subsea spread is currently located in Europe, after projects in Trinidad and US for large oil companies in the second half of 2021. The Surveyor Interceptor had high utilization in 2021, proving its excellent quality survey data and cost efficiency.

Olympic Challenger

REACH mobilized the Light construction vessel Olympic Challenger with two chartered-in WROVs and offshore personnel from Reach Subsea's offshore pool in March 2018. The vessel is on a time charter agreement between Reach Subsea and owner Olympic Shipping. Olympic Challenger has the IMR (inspection, maintenance and repair) market in the North Sea region as main area of operation. The projects have international clients with high satisfaction score, mainly in the oil and gas sector. In 2021 the vessel worked on a project in US Gulf of Mexico lasting through the second quarter, whereafter she exited Reach Subsea's marketed fleet for the rest of the year. Olympic Challenger was further signed for a new contract between Reach and Olympic starting early 2022 and has currently a project schedule lasting throughout the second quarter after some idle time in the winter months.

Directors Report

Annual HSEQ Report

Reach Subsea consider HSEQ as a core value in our day-to-day operations. Our goal is zero harm to personnel, environment, and equipment. We benchmark our HSEQ performance towards ISO 9001:2015, ISO 45001:2018, ISO 31000:2018 and ISO 14001:2015.

Risk Management

For us, Risk Management is a key tool for monitoring and controlling the rapid changes which our business is exposed to. On a corporate level, formal risk and opportunity reviews are performed every month to identify any major changes and the associated risk reducing actions. All projects require a risk/opportunity evaluation of both operational, commercial and HSE, whereas the associated risk reducing actions are monitored by the HSEQ Department.

Employee Involvement & Competence

As well as participating in risk assessments, employees are involved in HSEQ meetings, audits, inspections, and the Working Environment Committee meetings. All employees are provided with HSEQ training, adjusted to their respective work tasks and adjacent risk exposure. Managing personnel onshore and offshore are gathered once a year for sharing lessons learned, discuss, and agree on strategies for the upcoming year. Reach Subsea has an own E-learning system – REACHED. This gives us a brilliant opportunity to provide internal courses specially made for our industry. Reach Subsea also provides training to our suppliers.

HSEQ Results

The HSEQ results for 2021 have been positive, with no major incidents or injuries. A highlight in 2021 was achieving certifications in ISO 14001 and ISO 45001 in addition to the existing ISO 9001! There has been a positive trend in the reporting level of safety observations, both negative and positive. 2021 has been another extraordinary year, with very high utilization and mitigating the spread of the Corona virus. This has been challenging for the whole world and has been a major focus for the HSEQ department throughout the year.

Core Values

Reach Subsea launched a set of core values - decided by our employees:

R- Reliable

E – Effective

A – Adaptable

C – Committed

H - Honest

95 %

Our goal of achieving at least 95 % customer satisfaction has been met.

5.7 %

Sickness absence has been higher than normal du to a combination of long-term absence and short time CV-19 absence.

Long-term	3.31 %
Short-term offshore	**1.52 %**
Short-term onshore	0.95 %
COVID 19 related	0.18 %

Directors Report

HSEQ Trends

	2017	2018	2019	2020	2021
Man hours	315 660	361 405	303 680	428 646	384 834
Improvement reports	185	280	231	213	181
Recordable cases	1	2	2	0	0
Sick leave	0.9 %	0.85 %	2.8 %	5.2 %	5.7 %

Environmental Management

Reach Subsea continuously work to have a sustainable business strategy. Our target is 0 spills to the environment. We emphasize the use of environmentally friendly solutions, both technically and operationally, choosing modern assets and technology. We also work constantly on reducing the amount of chemicals onboard. Suppliers are encouraged to reduce their environmental footprint and are committed to achieve energy efficiency. Any impact on the environment is reported and followed up to prevent reoccurrence.

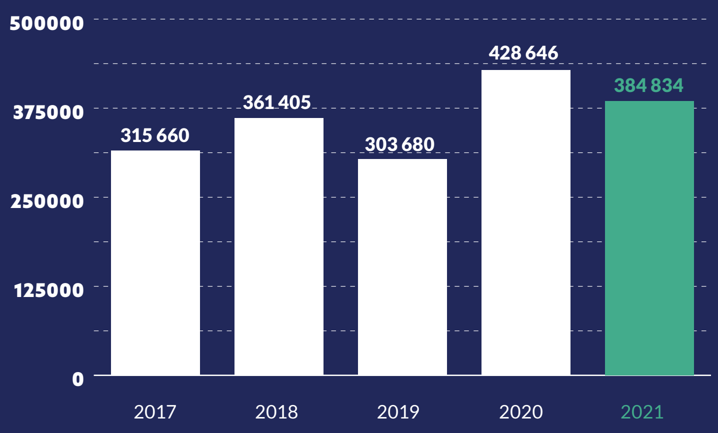
Reportable incidents

	2019	2020	2021
Fatalities	0	0	0
Lost-Time Injuries	1	0	0
Medical Treatment Injuries	0	0	0
Restricted Work Injuries	0	0	0

Security

Our operations are expanding geographically and by this we are exposed to changes in the global risk situation. At present, Reach Subsea has no operations in areas with high risk.

Total Man Hours



Directors Report

Share information

REACH Subsea ASA is listed on Oslo Stock Exchange (Euronext). The Company had per 31.12.2021 issued 144,580,708 shares, of which the majority is owned by Norwegian shareholders. The increased number of shares compared with 31.12.2020 is related to purchase of the companies Octio AS, Gravitude AS, Monviro AS and Monviro CCS AS, which was partly settled in shares. In addition, a share incentive program for employees was effectuated in December 2021. 360,000 shares were purchased under the program, but were not registered until after year end. Total number of shares after this issuance was 144,940,708. Reach Subsea announced 17.02.2022 the acquisition of iSurvey Group as well as announcing Wilhelmsen New Energy as a new strategic partner and shareholder. The iSurvey Group transaction is partly settled in shares. The total number of shares following completion of these transactions is 224,913,428. Further, Wilhelmsen New Energy has been granted the right to subscribe for and be allocated an additional 44,766,684 new Reach shares at NOK 4.00 per share. The warrants have a duration of three years and can be exercised at any time.

The Board proposes a dividend of NOK 0.18 per share, to be resolved at the AGM on 30 May 2022. This is in line with the Board of Directors' dividend policy stating that the company aim to distribute a dividend of around 50 % of adjusted net profit. Adjusted net profit is defined as reported net profit, adjusted for items the Board regard as transitory.

The Group consisted at the end if 2021 of ten companies; Reach Subsea ASA and the fully owned subsidiaries Reach Subsea AS, Connect Offshore AS, Surveyor AS, Reach Subsea International AS, Reach Subsea UK Ltd, Reach Subsea Inc, Octio AS, Gravitude AS, Monviro AS and Monviro CCS AS. The main activity of the Group is conducted in Reach Subsea AS. Reach Subsea AS has a branch in Trinidad & Tobago. Connect Offshore AS provides hired offshore personnel to Reach Subsea and other clients. Reach Subsea International is an owning entity for Reach Subsea UK Ltd and Reach Subsea Inc. Surveyor AS' purpose is to own the "Surveyor Interceptor" and "Surveyor II" as well as holding the rights for the first five Surveyor Interceptor deliveries from Kystdesign AS (main manufacturer based in Haugesund. Octio AS, Gravitude AS, Monviro AS and Monviro CCS as were acquired in December 2021.

Investor relations

Reach Subsea essentially follows the recommendation for reporting of IR-information issued by the Oslo Stock Exchange's and publishes all the news releases on www.newsweb.no, a service provided by Oslo Stock Exchange.

REACH makes every effort to ensure that accurate, relevant and timely information is disclosed about the Group's performance and results in order to maintain confidence in the capital market.

Reach Subsea aims to have a high level on content and frequency of information to its investors. Our quarterly financial reports include financial details to increase the transparency of our business. Monthly operating statistics are released within 15 days after month end and are also enclosed in the quarterly reports. In addition, presentations are made to partners, lenders, analysts and investors regularly and upon request. It is in Reach Subsea's own interest that financial analysis of the highest possible quality is published by the analyst community. All analysts are treated equally regardless of their recommendations and views on the Reach Subsea share. An overview of analysts covering the share can be found at www.reachsubsea.com/investors/shareinfo.

Financial reports, General Meeting Minutes, Share price information, Corporate Governance, Operational figures and presentation of the Board and Management can be found on the company's web page www.reachsubsea.no as well as the full Sustainability Report covering initiatives and measures on Corporate Social Responsibility.

Directors Report

Corporate, Social Responsibility

The Group has established a CSR policy based on Human Resources, Environment, Financial and Society, further described under "Sustainability" in this report.

A broader presentation of CSR activities performed by the Group can be found in "Reach Subsea Sustainability Report".

People, our employees, is the cornerstone of our business. We are committed to performing safe operations, with the health and safety of our people as our utmost priority. All employees are provided with training, adjusted to their respective work tasks and adjacent risk exposure in our educational program REACHED, to ensure safe operations and that all employees return home safely.

We are committed to treating our employees with respect and have a zero tolerance for all forms of discrimination. All employees are given the same rights and possibilities, regardless of gender, background, religion, nationality or disability, and recruitment processes do not exclude any applicant based on these factors. REACH is proud to have employees with different backgrounds. The nationality of our employees includes Norwegian, British, Danish, Polish, Algerian, Trinidadian, Indian, Spanish and American. The age range is 18-73 with education levels from trainee to phd degree. We have employees with different disabilities and religions and intend to facilitate to avoid any challenges. Notification routines have been established, where employees can choose whether they want to remain anonymous if they wish to notify of an unwanted incident.

The offshore industry has historically been dominated by male workers. We aim for a more gender-balanced offshore workforce and work continuously to recruit women through our trainee program, and this is one of our Sustainability KPIs. Reach Subsea has performed an in-depth review of salary differences by employment categories and found that when adjusting for seniority, education levels and level of responsibility there are no major difference in female to male salaries. The salary of offshore personnel is fully based on an agreed matrix with the trade union SAFE, taking into account seniority and employment category. As such, all offshore workers have equal salary terms regardless of gender and nationality.

To monitor the working environment, surveys and annual appraisals are being conducted for all employees. A Working Environment Committee is established with representatives from offshore and onshore positions, and the Management holds meetings with the SAFE club on a quarterly basis. Managers encourage employees to seek opportunities internally by participating in projects, trainee programs and act in higher positions.

Read more about our work towards equal possibilities in our Sustainability Report.

Sustainability in REACH

"Reach Subsea Sustainability Report" can be found in full on the company's web page.

Reach Subsea strives to be an industry-leading subsea operator within sustainability based on a long-term goal of zero harm to personnel, environment and equipment. The management and Board believe that sustainability and long-term profitability go hand in hand. By continuing to focus on sustainable solutions risk will be reduced, transparency increased, and the use of our resources will be more efficient. In turn, profitability and financial solidity strengthens Reach Subsea as a reliable employer and service provider. Reach Subsea takes a proactive stance to safeguard and integrate the consideration of human rights, labor rights and social and environmental conditions.

Reach Subsea's priorities within sustainability are defined based on an evaluation of stakeholders' expectations and interests. Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by our activities and services, such as employees, customers, suppliers, business partners and society at large.

The report includes the Group's Key Performance Indicators and goals defined by the Board and Management as well as an overview of certifications, such as ISO 9001, ISO 45001 and ISO 14001, and activities done to reduce the footprint of operations.

Directors Report

Climate risk

Reach Subsea's goal is to have zero impact to the environment. As with most companies within the offshore industry, CO2 emissions from fuel oil consumption is the most significant environmental impact.

Reach Subsea works actively to mitigate this risk by choosing fuel efficient tonnage and develop new technology that will reduce the Group's footprint. Examples of this work, including statistics of fuel emission, energy consumption and spills can be found in the Sustainability Report.

Physical risks

Reach Subsea is exposed to the expected changes in weather conditions. More extreme weather could result in challenging offshore working conditions. In turn, this may impact the project cycle, shortening the seasons where subsea services can be performed, resulting in possible adverse financial impact. An increase in sea level may also have adverse impacts, such as less availability of docking locations and may make crew changes and vessel and project mobilizations more difficult to perform.

Regulatory risks

In the effort to drive society towards lower emissions there is a risk of regulatory changes that may have financial impacts for Reach Subsea. Such changes may include scenarios with increased fees and taxes related to CO2 emissions or other changes in framework that may have negative economic impacts on the industry.

Changes in demand

Targeted implementation of regulatory frameworks to reduce CO2 emission may create shifts in demand for hydrocarbons, which in turn may affect future investment levels for the petroleum sector and increase competition between subsea suppliers.

Directors Report

Based on the dialogue with stakeholder groups, REACH has identified the following material topics for sustainability reporting:

Employees

- The safety and well-being of our people
- Development of skills and competences
- Equal opportunities

Environment

- Transition to renewable energy segments
- Preparing for climate change
- Reducing our emissions
- Reducing our impact on the sea

Responsible business

- Profitability and financial solidity
- Quality services
- Anti-corruption and business ethics
- Sustainability in the supply chain

Directors Report

UN Sustainability Goals

In 2015, the UN General Assembly adopted the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs). The 17 SDGs provide a blueprint to achieve a better and more sustainable future for all. These are equally important in meeting the broad range of targets set by the UN. The most material SDGs for Reach Subsea are selected based on the global challenges the world is facing and how the Group can provide impact on these. The four selected SDGs are closely linked to Reach Subsea's vision and values.

4 QUALITY EDUCATION

4. Quality education

Obtaining a quality education is the foundation to improving people's lives and sustainable development.

The competence of each individual working for us represents the backbone for performing safe subsea operations and providing quality in everything we do. We have implemented training procedures for our employees as well as local training programs in communities where we have a long-term local presence. Reach Subsea hires 2-4 trainees each year, of which 95 % have been offered a full-time position and 2 have worked as Supervisors as per March 2022.

8 DECENT WORK AND ECONOMIC GROWTH

8. Decent work and economic growth

Sustainable economic growth requires societies to create the conditions that allow people to have quality jobs.

We believe that sustainability and long-term profitability go hand in hand. By continuing to focus on sustainable solutions we minimize risk, increase transparency, and facilitate more efficient use of our resources – increasing our value and competitiveness. In turn, profitability and financial strength helps to secure Reach Subsea as a reliable employer by providing workers with a secure and meaningful place to work. Our Quality Assurance system, including the personnel handbook, covers employees worldwide.

Reach Subsea has a strong focus on HSEQ and risk management, ensuring the safety of the people who work for us. We believe that a good HSEQ culture arises from a respectful and positive dialogue between people and by giving support to our people in search for the safest and most optimal solutions.

13 CLIMATE ACTION

13. Climate action

Climate change is a global challenge that affects everyone, everywhere.

Our goal is zero harm to the environment. We work towards reducing emissions and climate impact by chartering fuel-efficient vessels, promoting environmentally friendly ways of travel, extending use of video conferencing and waste management on both onshore and offshore sites. Any impact on the environment is reported and followed up to prevent re-occurrence. Our suppliers are encouraged to reduce their environmental footprint and improve energy efficiency. A positive effect of the COVID 19 pandemic is the increased possibilities to participate digitally in meetings and conferences, reducing travel and emissions.

14 LIFE BELOW WATER

14. Life below water

Careful management of this essential global resource is a key feature for a sustainable future.

The sea is our workplace, and we understand the importance of preserving the sea as a shared resource. We aim to minimize our environmental impact by using environmental-friendly degradable hydraulic oil in our subsea operations and strive to leave the seabed unharmed in the same condition as we found it. We cooperate closely with vessel owners on waste management and water discharge plans. One of our Key Performance Indicators is "No major spills".

Directors Report

Risk Factors

The Group is exposed to commercial, operational and financial risk by the nature of the business. Freight rates, currency exchange rates and interest rates may impact the value of the Group's assets, liabilities and future cash flows. To reduce and manage these risk factors management regularly reviews and reassesses the main market risks. Whenever a major risk factor is identified, action to reduce the specific threat is considered. The Board conducts a SWOT (strengths, weaknesses, opportunities and threats) analysis as part of their yearly strategy meeting in order to be prepared for current and future risk factors. Also, the Board monitors risk by identifying the key overall risk factors to the business, evaluates the probability and impact of adverse negative changes to these risk factors, and ensures that risk mitigating actions are in place.

The Board members and the CEO are covered by liability insurance. The policy has worldwide coverage, and in addition to financial loss, it provides cover for aggravated, punitive and exemplary damages imposed on the insured, where these are insurable by law. The limit of liability is NOK 50 million per claim.

Technological innovation occurs as an important factor, which the Group mitigates by holding a strong focus on the matter by participating in various fora and conferences and discussing with suppliers and clients.

The Group is exposed to interest rate risk and exchange rate risk through financing and contracts with clients. The Management is continuously considering hedging and other risk reducing methods as well as aiming to have expenses and income in the same currency. The Group is further exposed to tax risk, when working on projects in various countries, hereunder sales tax, withholding tax, environmental tax and corporate tax. The tax risk is partly mitigated by establishing a branch or reporting on a Permanent Establishment basis. Risk assessments are being performed on each tender and before start-up of projects. Larger tenders are being reviewed by a Tender Board consisting of members from the Board of Directors and Management before submitted.

The Group has no major loan instalments to financial institutions or maturities the next five years. No uncovered need for financing has been recognized in the near future, however the challenging market situation may change this radically on relatively short notice.

Reach Subsea has the intention to invest in a series of remotely operated vessels ("Reach Remote"). The Reach Remote is a USV (Unmanned Service Vessel) mobilized with a eROV (Remotely Operated Vehicle) that is operated through a moonpool with an umbilical. The USV and the eROV will be operated from an onshore location. Per March 31st the committed investment related to the USV is limited to a Feed study and internal project management and engineering with a total cost below NOK 10 million. Two eROVs have been ordered with a total commitment of NOK 80 million. The building contract for two USVs are still under negotiation. Reach Subsea has a fully financed business plan for the investment, consisting of equity, bank financing and leasing.

Upon a decision to invest in Reach Remote there will be a thorough evaluation of risk factors, hereunder governmental regulations, market risk, technical risk and financial risk. The project is planned together with renowned partners with relevant experience and knowledge such as Kongsberg and Massterly.

The Group's liquidity situation as per 31st March 2022 is satisfactory based on the current financial position and project schedule. Vessel commitment is limited to four vessels on a full time charterparty contract of 360 days each. The vessels have a market adjusted cost level and firm project days scheduled for about 50 % of the 2022-season.

The Board emphasizes that there is considerable uncertainty about future events, especially concerning the development in the COVID 19 pandemic and the subsea market in general. Market- and operational risk is related to changes in demand for and prices of services provided by the Group, and potential adverse effects of the provision of such services.

Reach Subsea is currently not directly affected by the political instability and war in Ukraine. There have been few projects in this region and outstanding amounts from clients such as Nordstream is limited. The demand in the oil and gas sector is currently not expected to decrease, and foreign exchange rates not expected to move in a negative direction for Reach Subsea.

Directors Report

The Group continually evaluates measures to reduce risk exposure as mentioned above. The oil price- and market volatility has increased the last four years. This has resulted in increased uncertainty in the oil and gas sector, which affects the Group and counterparties. Handling of such risks has become increasingly important. Risk factors are further described in the notes. Reference is also made to the Outlook statement in this report.

The Annual Results

In accordance with IAS 1.25, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on the Group's budget for the year 2022 including the Business Plan, the cash flow forecast and the contract backlog. Reference is also made to the Outlook statement in this report. Figures for 2020 are presented in brackets.

Reach Subsea purchased cooperation partner MMT's shares in our jointly owned entity Surveyor AS at book value 31.03.2021. Surveyor AS owns the two "Surveyor Interceptor" high-speed survey ROVs. The transaction was closed in the second quarter 2021. Thus, Surveyor AS is fully consolidated into our Group accounts as from 31.03.2021. In the figures for 2020 (in brackets) Surveyor AS is presented as an associated company based on the equity method. The financial effects of the transaction are further described in the Notes.

Reach Subsea purchased Octio AS, a provider of monitoring solutions for hydrocarbon producing fields and CO2 storage reservoirs, including daughter company Gravitude AS and associated companies Monviro AS and Monviro CCS AS (jointly referred to as "Octio"). Closing took place 8.12.2021, hence profit and loss figures are consolidated as from that date. Consolidated balance sheet as per 31.12.2021 includes the acquired entities. The financial effects of the transaction are further described in the Notes.

Reach Subsea ASA serves as parent company for the Group. In 2020 the parent company turnover was NOK 9.9 million (NOK 72.0 million in 2020). The decrease is related to an operational project flowthrough of turnover and expenses in 2020, whilst in 2021 activity was limited to consultancy services to the Group companies. Profit for the year was NOK 96.0 million (NOK 28.0 million) and is related to financial income including contribution from Group companies. The parent company has an equity of NOK 279.5 million (NOK 220.2 million), representing 86.3 % (86.2 %) of the total balance sheet.

Reach Subsea Group revenue for the full year 2021 was NOK 686.6 million (NOK 628.0 million). The increased revenue is primarily explained by a higher project activity level as well as more complex projects. We had revenue from 1,098 vessel days through our P&L in 2021 (956 days) and the total number of ROV days sold in 2021 was 2,667 (2,388). In addition the purchase of Octio and Monviro in December resulted in NOK 13.3 million in a one-off bargain purchase gain recognized as Other income.

Operating expense for 2021 was NOK 607.5 million (NOK 576.7 million). Project-related expense represents the majority of the operating expense for the group. As already mentioned, activity levels were higher, explaining the year-over-year increase in operating expense.

Depreciation for the full year 2021 was NOK 239.8 million (NOK 208.4 million). The year-on-year increase is primarily a result of higher project activity levels, giving rise to increased charter hires under our pay-as-use charter agreements as expenses under IFRS 16 rules are classified as depreciation of right of use assets. There was no impairment in 2021 (NOK 7.5 million in 2020). See further evaluation of impairment sensitivity in the Notes.

Operating result, EBIT, for 2021 was NOK 79.1 million (NOK 51.3 million. Good project margins underpinned by sound operations are the primary explanations for the improved EBIT. In addition, Octio contributed NOK 10 million to EBIT, including NOK 13.3 million in a one-off bargain purchase gain (recognized as Other income). Project expenses related to Reach Remote are not capitalized and amounted to NOK 2.0 million in 2021. 2021 projects had an estimated extra cost related to the COVID 19 pandemic of NOK 13.9 million (NOK 16.5 million), of which NOK 7.2 million (NOK 7.7 million) was covered by our clients.

EBITDA is a financial alternative performance measure (APM) to illustrate earnings before interest, tax, depreciation and amortization. EBITDA for the full year 2021 was NOK 318.9 million (NOK 267.2 million). The increase is primarily a result of improved utilization of assets in 2021 compared to 2020 as well as the one-off effect from the purchase of Octio as described above.

Net financial items was NOK -6.2 million (NOK -9.7 million)..

Directors Report

The Annual Results

The Group had limited R&D activity in 2021. Financial costs in our 2020 accounts were influenced by the massive movements in the foreign exchange markets, causing fluctuating currency effects on charter hire in USD, which is the main reason for the year-over-year differences in net financial cost. During 2021, all our charter hires have been in NOK.

Reach has made a new assessment of the probability of future use of unutilized tax losses, based on strong financial results the past two years as well as a positive business outlook. The new assessment concludes that the deferred tax benefit associated with unutilized tax losses should be capitalized, which gives a positive tax effect on our P&L of NOK 20.8 million in 2021

Total comprehensive income for 2021 was NOK 94.5 million compared to NOK 43.8 million in 2020. Tax effects as described above as well as a stronger operating performance are the main reasons for the improvement.

The Group presents revenues, operating result and EBITDA for its two main segments; Oil & Gas and Renewable/Other. Oil & Gas entails revenues from survey, IMR and light construction projects where the end client is an oil & gas company. Renewable/Other entails revenues from survey, IMR and light construction projects where the end client is a non-oil & gas company (typically a company in the renewable energy sector).

For the full year 2021, Oil & Gas revenues constituted 70 % while Renewable/Other constituted 30 % of total revenues. By comparison, in 2020 Oil & Gas revenues were 75 % while Renewable/Other constituted 25 % of total revenues.

Capital structure

Total current assets at the end of 2021 were NOK 353.9 million (NOK 242.0 million per 31.12.2020), of which cash and cash equivalents amounted to NOK 149.0 million (NOK 105.4 million). Including the unutilized revolving credit facility, available liquidity was NOK 169.0 million. Receivables and inventories were NOK 204.9 million (NOK 136.6 million). Total non-interest-bearing current liabilities were NOK 147.2 million (NOK 111.5 million). This leaves a net working capital of NOK 57.7 million (NOK 25.1 million). The working capital level is higher than normal for this part of the year and influenced by a high level of invoicing towards the end of the year.

Total non-current assets at the end of the year were NOK 392.6 million (NOK 121.0 million). As mentioned above, an updated assessment of the probability of future use of unutilized tax losses has resulted in capitalization of a deferred tax benefit. Furthermore, the acquisition of Octio added NOK 11.2 million in capitalized deferred tax asset. Thus, the deferred tax asset increased from NOK 8.2 million per 31.12.20 to NOK 40.2 million per 31.12.21.

Right of use assets represents NOK 277.2 million of leases capitalized under IFRS 16 (NOK 13.5 million). The increase is explained by the securing of vessel capacity as announced in the fourth quarter of 2021, resulting in an increased charter commitment, and inclusion of right of use of office facilities of NOK 5.1 million. Please see further details in the Notes.

Net interest-bearing debt (total interest-bearing debt, including capitalized leases under IFRS 16, less cash) stood at NOK 163.5 million (NOK -64.0 million), with the increase explained by the increased charter commitment as described above an in the Notes. Net financial interest-bearing debt to credit institutions (i.e. excluding IFRS 16 leases) was NOK -118.3 million (NOK -79.8 million), i.e. a cash positive position.

The Group's equity as of 31.12.21 was NOK 286.8 million (NOK 210.0 million), which represents 38 % of the total balance sheet (58 % 31.12.20).

Net cash flow from operating activities for 2021 was NOK 279.2 million (NOK 268.7 million).

Net cash flow from Investments was NOK 7.0 million, compared to NOK -2.1 million. The negative cash flow from the purchase of shares in new subsidiaries (Octio AS, Monviro AS and Surveyor AS) was more than offset by the positive effect from the cash balance in the acquired companies. In addition two handling systems were sold in 2021 (at book value). There was limited investment in fixed assets in 2021.

Net cash flow from financing activities was NOK -245.1 million (NOK -200.2 million) and includes vessel charter hire classified

Directors Report

Capital structure

as "Repayment of borrowings and leases" according to IFRS 16. Details about cash outflow from leases can be found in the Notes.

Net change in cash and cash equivalents was NOK 41.0 million (NOK 66.4 million) for the full year 2021, influenced by an increase in working capital, purchase of the shares in Surveyor AS, Octio Group and the NOK 21.5 million dividend payment.

Reach has per 31.12. 2021 no major debt maturities to credit institutions or committed, unfinanced capital expenditure commitments for 2022 and onwards. Capital expenditure commitments for the Reach Remote project is expected to be incurred during the first half of 2022 (further described above under "Risk Factors"). Reach Remote will be financed with a combination of equity and bank financing, both secured in 1Q2022

News after year end

In February 2022, Octio secured a multi-year geophysical monitoring contract with A/S Norske Shell for the Ormen Lange field. The contract is valid until January 2026, with two one-year extensions. OCTIO deploys proprietary gWatch service to deliver gravimetry and seabed subsidence measurements and has set an industry standard for accuracy and efficiency of gravimetry surveys. In 2020, OCTIO completed the 7th gWatch survey for A/S Norske Shell at the Ormen Lange field. A/S Norske Shell acquires these measurements every second year to refine field recovery strategy and increase gas production.

In February 2022, REACH was awarded a contract in the Mediterranean Sea for start up early in Q2 2022, representing about 130 project days. The project involves support of an Ocean Bottom Node campaign and will be performed by the Havila Subsea spread.

In February 2022, REACH announced that the Company has entered into an agreement with iSURVEY Holding AS to acquire ISURVEY Group AS ("iSURVEY"), a provider of offshore high-quality survey services, for NOK 135 million. The purchase was partly settled in shares, where iSurvey Holding AS will receive 33,846,153 shares. With the inclusion of iSURVEY in the group, Reach Subsea's data management and data analytics capabilities are strengthened, providing the company with a platform to become a full-service provider of subsea data and solutions for clients globally. The transaction optimizes Reach's project portfolio, improving earnings visibility and stability. Through the combined offerings of the two companies, REACH is able to operate full survey spreads on multiple vessels. Reach's revenue potential and margins are increased through expanded service offerings to both existing and new client segments, and creates significant revenue synergies from the cross-selling of Reach and iSURVEY's services to each other's customer base. The transaction strengthens REACH's inhouse software and competence for the Reach Remote unmanned surface vessels. The acquisition enhances Reach's presence and offering to the renewable energy sector, which represents 50% of iSURVEY's revenues. As a consequence of the acquisition, REACH gains a strategic pillar and operating team of over 100 world-leading offshore surveyors and project management specialists in their field to advance Reach's broader strategy for technology and data processing, as well as adding key competence required for gathering and processing of seabed survey data.

In conjunction with the acquisition iSURVEY, REACH announced that Wilhelmsen New Energy AS ("Wilhelmsen") has entered into an investment agreement whereby Wilhelmsen has agreed to become a 21% shareholder in Reach through subscribing for NOK 150 million in a directed private placement. Wilhelmsen has also received warrants to subscribe for 44,766,864 additional shares (nominal price NOK 1.0, subscription price NOK 4.0). The investment agreement forms part of a broader partnership, which will underpin the launch of the Reach Remote Unmanned Surface Vehicles (USVs). The Reach Remote concept is on track for the delivery of its two first Reach Remote USVs in 2023. By 2025, the company's ambition is to provide a full portfolio of subsea services from a low-emission, cost-effective remote and autonomous fleet. Reach now has a term sheet in place with Sparebank 1 SR-Bank and EksportFinans for a NOK 200 million debt facility for the first two USVs. Combined with the NOK 150 million private placement, the company will be able to embark on the construction and commercialization phase of Reach Remote.

On 15 March 2022, the Extraordinary General Meeting of REACH approved the issuance of consideration shares for settlement of the iSURVEY transaction, as well as the NOK 150 million private

Directors Report

News after year end

placement and warrants towards Wilhelmsen New Energy. Both transactions were subsequently completed on 22 March 2022.

In March 2022, REACH was awarded a contract in the North Sea renewable market, covering approximately 80 project days with start-up early in Q2 2022. The project involves the support of an offshore wind farm located in the North Sea and will be performed by the Olympic Challenger spread.

REACH has per 31th March 2022 a firm order book of NOK 300 million for work in 1Q2022 and beyond, with the vast majority related to work in 2022. See further details under «Vessel Update» and «Outlook». The order book figures do not include option periods nor expected volumes from the frame agreements. Year to date Operation figures are presented in the table below.

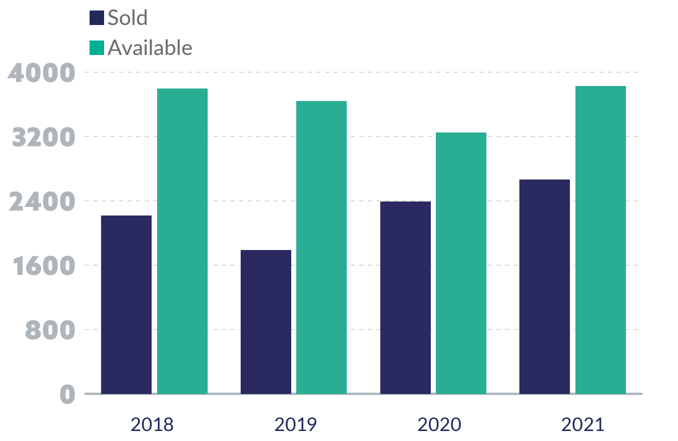
	January		February		Year to date	
	2021	2022	2021	2022	2021	2022
Number of ROV days sold	109	215	114	208	223	423
Number of ROV days available	248	310	224	299	472	609
Technical uptime on ROV	100 %	98 %	99 %	100 %	100 %	99 %
Number of offshore personnel days sold	663	454	700	885	13 363	1 339
LTIs	0	0	0	0	0	0
Number of vessel days sold	42	68	51	57	93	125

Definitions

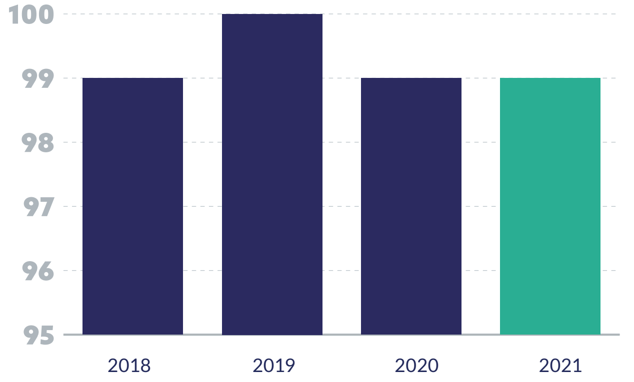
EBIT	Earnings before interest and taxes (operating result)
Liquidity	Cash and cash equivalents
Net working capital	Receivables and inventories less non-interest-bearing current liabilities
Net interest-bearing debt	Interest bearing debt less cash and cash equivalents
Number of ROV days sold (ROV days)	Total number of ROV days sold in Reach Subsea AS (incl. Surveyor AS from 1.4.2021) during a defined period
Number of ROV days available	Total number of ROVs owned by Reach Subsea AS (incl. Surveyor AS from 1.4.2021) multiplied with number of days in a defined period, plus total number of ROVs hired in (pay as use) by Reach Subsea AS multiplied with actual number of operational days in a defined period
Project days	Total number of days that a subsea spread is sold to projects, including ROV, personnel and/or vessel
Technical uptime on ROVs	1-unpaid break down hours divided by total sold operation hours
Number of offshore personnel days sold	Total offshore manhours (offshore pool) sold to projects, including own and hired in resources
LTIs	Number of loss time incidents (number of incidents resulting in absence from work)
Number of vessel days sold	Vessel days sold by Reach Subsea AS (excl. JV Cooperation partners) that passes through our income statement

Directors Report

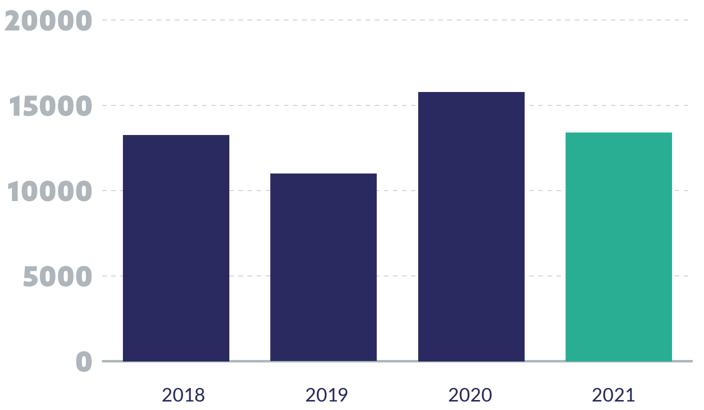
Number of ROV days – Annually



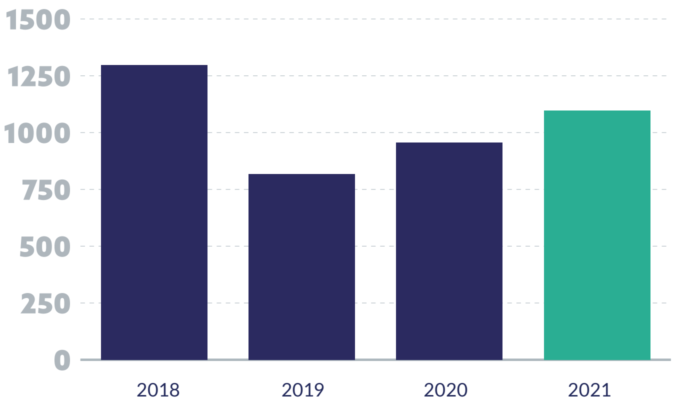
Technical uptime on ROVs



Offshore personnel days sold



Vessel days sold



Directors Report

Outlook

REACH currently markets and operates six subsea spreads (vessel, ROVs, and personnel, alone or together with partners), which have an attractive cost structure. These subsea spreads are tailored to our target markets and are well suited to the scope of services that are at the core of our business. We are monitoring the market for opportunities to complement and strengthen our business, while at the same time progressing Reach Remote towards market launch in 2023.

Looking ahead we see that the dramatic changes in global energy markets create a business environment with both challenges and opportunities. The challenges are evident as subsea services provided to the oil & gas sector will have lower activity levels in the long run. However, in the short to medium term we are witnessing the resurgence of oil & gas activity, driving increased utilization across the industry.

The opportunities are that our core subsea service competence is being deployed in the growing offshore wind sector as well as new emerging sectors such as offshore fish farming and subsea mining. We have already in place frame agreements for subsea inspection services on Equinor's existing offshore wind farms, where we have successfully executed remote services on parts of the scope. Our ambition is to build on this success and increase our footprint within IMR services to the offshore wind sector.

Our response to both the challenges and opportunities we face is twofold. First, in the near term we will maintain a competitive cost structure and remain agile and flexible. To that end, our charter agreements secure competitive vessel capacity for the next couple of years, in a market that we see becoming tighter into 2022.

Second, we will introduce Reach Remote to the market in 2023 and aim to provide our subsea services from a remote and autonomous platform from 2025. With Reach Remote fully deployed, we will be able to provide our clients with marine data and solutions from a virtually carbon neutral and personnel-friendly offshore operations platform. The combination of securing conventional vessel capacity for the next couple of years with the phasing in of Reach Remote from 2023 onwards, will provide a good foundation for generating good returns in our transition towards the new era.

The progress on Reach Remote is on track for 2023. Together with our partners Kongsberg and Massterly we have established comfort in the technical supply chain and secured long lead time key components. The final commercial details of the USV building contract are expected to be in place shortly. With the acquisition of iSurvey and Wilhelmsen as our new, strategic partner we have secured new equity as well as a strong strategic partner for commercialization of Reach Remote.

In our 2020 Sustainability Report we set 15 targets for 2021. We are pleased with the fact that we met 13 out of the 15 targets, and will double down on our efforts to meet the remaining two targets in 2022.

The Board and management are very pleased with delivering record results for 2021 and will propose a dividend of NOK 0.18 per share for the upcoming Annual General Meeting.

Directors Report

Statement by the Board of Directors and Managing Director

We hereby confirm that, to the best of our knowledge, the Annual Accounts for the period 01.01 to 31.12.2021 have been prepared in compliance with applicable accounting standards; and that the information in the accounts offers a true and fair view of the Group's and the parent company's assets, liabilities, financial standing and overall performance. We further confirm that the Annual Report provides a true and fair view of the development, earnings and standing of the Group and the parent company; and sets out most important risk factors and uncertainties facing the Group.

On the Board of Reach Subsea ASA - Haugesund 31st March 2022

Haugesund,
31 March 2021

/s/ Rachid Bendriss
Chairperson of the Board

/s/ Kåre Johannes Lie
Deputy Chairperson of the Board

/s/ Martha Kold Bakkevig
Board member

/s/ Kristine Skeie
Board member

/s/ Ingunn Ø. Iveland
Board member

/s/ Anders Onarheim
Board member

/s/ Jostein Alendal
Managing Director

The Board of Directors

Rachid Bendriss

Chairperson of the Board

Rachid Bendriss holds a Master of Management degree from BI – Norwegian Business School. He has more than 25 years of extensive capital markets and transaction experience through employment at firms like Morgan Stanley, Danske Bank and Carnegie, and as an independent strategic and financial advisors to various companies in the energy sector.

Ingunn Ø. Iveland

Board member

Ingunn Øvereng Iveland holds a Master of Science degree from NTNU – Norwegian University of Science and Technology in physics and mathematics and a Master of Management degree from BI- Norwegian Business School. She has broad experience from positions in the subsea service and aquaculture industry. She is currently holding the position as Strategic Procurement Director in Knutsen OAS Shipping AS.

Martha K. Bakkevig

Board member

Martha Kold Bakkevig is the founder and managing partner of MKOLD AS and a non-executive director of public listed companies as Hexagon Purus, Edda Wind and BW LPG. Prior to that Ms. Bakkevig served two years as Chief Executive Officer of Steinsvik Group, an equipment and service provider for fish farming industry worldwide and ten years as Chief Executive Officer of DeepWell, an oil service company operating in the North Sea. Ms Bakkevig has extensive experience in management, strategy and business development, and a broad academic background with a doctor's degree in both technical and business strategical subjects. She holds a master's degree and PhD from the Norwegian University of Science and Technology (NTNU) and a Doctorate in Economics from BI Norwegian Business School.

Kåre Johannes Lie

Deputy Chairperson of the Board

Kåre Johannes Lie holds a Master of Science degree. He has broad experience from the subsea industry, both as founder of successful companies and as managing director and advisor.

Kristine Skeie

Board member

Kristine Skeie is Managing Director of HK Shipping Group AS which is a Shipping company trading in the shortsea bulk segment. Skeie has been the chairperson of the board in Karmsund Havn IKS since 2012 and is also a board member in Eidesvik Offshore ASA. She is a College graduate in Business administration from the Norwegian Business School and has attended a Maritime Executive Program directed by Norwegian Shipowners Association.

Anders Onarheim

Board member

Anders Onarheim holds an MBA from Washington University of St. Louis. He has broad experience from Capital Markets, both in Norway and internationally.

Corporate Governance & Management

Corporate Governance (CG) in Reach Subsea ASA shall increase trust towards the company and contribute to optimal value creation over time.

The objective of corporate governance is to regulate the division of roles between shareholders, the Board and executive management more comprehensively than is required by legislation.

Corporate Governance & Management

Implementation & Reporting on Corporate Governance

Implementation & Regulations

Reach Subsea ASA's ("Reach Subsea" or "the Company") Board of Directors (the "Board") has the ultimate responsibility for ensuring that the company practices good corporate governance and has thus prepared and approved the Company's policy for corporate governance. The Company, through its Board and executive management, carries out an annual review of its principles for corporate governance. Reach Subsea is a Norwegian public limited company listed on the Oslo Stock Exchange (Oslo Børs). The Norwegian Accounting Act includes provisions on corporate governance which impose a duty on the Company to issue an annual statement on its principles and practice for corporate governance. These provisions also stipulate minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian Code of Practice for Corporate Governance (the "Code"). Adherence to the Code is based on the "comply or explain" principle, which means that a Company must comply with the recommendations of the Code or explain why it has chosen an alternative approach to specific recommendations. The Code was last revised 14th October 2021. The Oslo Stock Exchange's Continuous Obligations for listed companies requires publicly listed companies to publish an annual statement of their policy on corporate governance in accordance with the Code in force at the time. The Continuing Obligations of listed companies are available on www.oslobors. no Reach Subsea complies with the Norwegian Accounting Act § 3-3b and the Code, unless otherwise specifically stated. The Company provides a statement on its principles for corporate governance in its annual report, and this information is further available on the Company website, www.reachsubsea.no

Corporate Governance & Management

Business activity

Objective

The Company's business objective is, as set out in its articles of association § 1, to provide engineering, construction and related services to the offshore energy industry, shipping and other transport operations through ownership and / or operation, participation in such activity by other companies, and related activities. The Board establishes the Group's overall goals and strategy.

The main goal and strategy for the Company is to be a full service provider within the subsea sector. The Company's vision is to be the preferred operator by those who need the best possible subsea partner, one that will always perform above expectations.

Values, objectives and strategies

Confidence in Reach Subsea as a Company and in its business activities as a whole is essential for the Company's continuing competitiveness. The Company aims to maintain high ethical standards in its business concept and relations with customers, suppliers and employees. The Company has established their own guidelines for Corporate Social Responsibility (CSR). The Board of directors evaluates objectives, strategies and risk profiles yearly, with the goal to create value for shareholders in a sustainable way. The Company's strategy and key metrics related to environment, social factors, and governance (ESG) are described in the Sustainability report.

Equity and dividend

Equity

The Board aims to maintain a satisfactory equity ratio and capital structure in the Company in light of the Company's goals, objective, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The Board regularly assesses the Company's capital requirements.

Dividend

The Company's objective is to generate a return for its shareholders through dividends and increases in the share price that is at least in line with the return available on similar investment opportunities of comparable risk. The Board has a dividend policy stating that the Company aim to distribute a dividend of around 50 % of adjusted net profit. Adjusted net profit is defined as reported net profit, adjusted for items the Board regard as transitory.

Authorizations to the Board

The Board will in the outset not propose that authorizations to increase the share capital and to buy own shares are granted for periods longer than until the next Annual General Meeting of the Company. The Board will only propose authorizations with specific purposes and each proposed purpose will be treated as a matter for the Annual General Meeting. As per 31 December 2020, the Board had authorization to increase the share capital with NOK 2 721 932. The authorization is limited to defined purposes and expires 30th June 2022. The Board does not hold any rights to purchase own shares.

Corporate Governance & Management

Equal treatment of shareholders & transactions with close associates

Rights

The Company has one class of shares with equal rights. At capital increases where existing shareholders' preferential rights are waived, this shall be justified. By waiver of rights based on authorizations, the reason for the waiver shall be stated in the press release/ announcement in connection with the capital increase. In the event that the Board is granted authorizations to buy own shares and decides to use this authorization, the transactions will be carried out through the stock exchange or at prevailing stock exchange prices if carried out in any other way.

Transactions with related parties

Any transactions, agreements or arrangements between the Company and its shareholders, members of the Board, members of the executive Management team or close associates of any such parties shall only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act or similar provisions, as applicable. The Board shall arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question must be considered to be immaterial. The Company's financial statements shall provide further information about transactions with related parties. Board members and members of the executive Management team shall immediately notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Shares & negotiability

Transfer of shares

The Shares are freely transferable and there is no limit to own, trade or vote for shares in the Company. The Company's Articles of Association do not contain any provisions imposing limitations on the ownership of the Shares and there are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote for the Shares.

Corporate Governance & Management

The General Meeting

The annual general meeting of Reach Subsea ASA

The Annual General Meeting ("AGM") is the Company's highest authority. The Board strives to ensure that the AGM is an effective forum for communication between the shareholders and the Board, and encourages shareholders to participate in the meeting.

Preparations for the AGM

The Annual General Meeting is normally held before 31st May every year and at least by 30 June, which is the latest date permitted by Company law.

The notice calling the AGM is made available on the Company's website, www.reachsubsea.no and sent to shareholders no later than 21 days prior to the meeting. The same notice period applies for extraordinary meetings. The notices calling the general meetings shall provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. The notice will also set out

- The procedure for representation at the meeting through a proxy, including a form to appoint a proxy, to allow for shareholders who are unable to attend in person will be able to vote by proxy and
- The right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting.

The Company shall appoint one person that can vote for the shareholders as a proxy. The Company's articles of association stipulate that the supporting documents dealing with matters to be considered by the AGM can be made available on the Company's website rather than being sent to shareholders by post. However, shareholders are still entitled to receive the documents by post upon request if they so wish. The supporting documentation provides all the necessary information for shareholders to form a view on the matters to be considered. The date of the next AGM is included in the Company's financial calendar, as described in "Information and communication" below.

Agenda and conduct of the AGM

The Board decides the agenda for the AGM and the agenda shall be described in the notice. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act § 5-6 and Article 5of the articles of association of Reach Subsea ASA. The Board may propose a person independent of the Company and the Board to chair the General Meetings, ensuring that the AGM has an independent chairperson in accordance with the recommendations of the Code.

Members of the Board Nomination Committee and Auditors attend the Annual General Meeting, but normally the full Board has not participated. Matters on the agenda have so far not created a need for this. The Chairman of the Board and the Managing Director always attend to answer questions. The AGM minutes are published by issuing a stock exchange announcement, and are also made available on the Company's website at www.reachsubsea.no.

Nomination committee

Reach Subsea has a board nomination committee consisting of three members elected for a period of 2 years, according to section 3 of the Company's articles of association. The following three members form the nomination committee:

- Rune Lande (Chairman)
- Sverre Meling
- Didrik Leikvang

Pursuant to section 6 of the articles of associations, the nomination committee shall propose Board member candidates to the general meeting in connection with notices thereof. The nomination committee shall also make proposal for the remuneration of the Board.

Corporate Governance & Management

The Board of directors - composition and independence

The composition of the Board of directors ensures that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity. The Board of Reach Subsea is appointed by the General Meeting.

According to section 3 of the Company's articles of association, the Board shall consist of 3 to 7 members. The Board has the required competence to independently evaluate the cases presented by the management as well as the Company's operations, and function well as a body of colleagues. The members of the Board represent varied and broad experience from relevant industries and areas of technical expertise, and the members bring experience from both Norwegian and international companies. More information about the Board members' expertise and background, as well as their holdings of shares in the Company can be found on the Company's website www.reachsubsea.no.

The Board does not include any members from the Company's executive Management team and all the members are considered independent of the Company's material business contacts. 70 % of the members of the Board are considered independent of the Company's main shareholder.

The work of the board of directors

Responsibilities and duties

The Board plans for its work with special emphasis on the Company's objectives, strategies and risk profiles. The Board's primary responsibilities are:

- Participating in the development and approval of the Company's strategy,
- Performing necessary monitoring functions and
- Acting as an advisory body for the Executive Management Team.

Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operation of the Company is in compliance with the Company's values and ethical guidelines. The Chairman of the Board is responsible for ensuring that the Board's work is performed in an effective and correct manner. The Board shall ensure that the Company has a good management with clear internal distribution of responsibilities and duties. The CEO is responsible for the Executive Management and day- today operations of the Company. Further details on the duties of the Board are included in the instructions to the Board. All members of the Board receive information about the Company's operational and financial development on a monthly basis. The Company's strategies shall regularly be subject to review and evaluation by the Board. The Board evaluates its work on an annual basis. The Board of the Company has appointed an audit committee consisting of three Board members. The Board may from to time also appoint other sub-committees, as deemed necessary or appropriate.

Related parties

The Board of directors ensures that members of the Board and executive personnel make the Company aware of any material interest that may have in items to be considered by the Board of directors.

Corporate Governance & Management

Risk management and internal control

The Board shall seek to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The internal control and systems include the Company's value creation and guidelines for ethics and corporate governance.

The Board shall ensure that the Company's internal control comprises guidelines, processes, duties, conduct and other matters that:

- Facilitate targeted and effective operational arrangements for the Company and also make it possible to manage commercial risk, operational risk, the risk of reaching applicable legislation and regulations as well as all other forms of risk that may be material for achieving the Company's commercial objectives;
- Contribute to ensuring the quality of internal and external reporting; and
- Contribute to ensuring that the Company operates in accordance with the relevant legislation and regulations as well as with its internal guidelines for its activities, including the Company's ethical guidelines and corporate values.

Routines

The Board shall form its own opinion on the Company's internal controls, based on the information presented to the Board. Reporting by Executive Management to the Board shall be prepared in a format that gives a balanced presentation of all risks of material significance, and of how the internal control system handles these risks.

The Board has approved routines for internal control and risk management. The objective for the Company's risk management and internal control is to manage, rather than eliminate, exposure to risks related to the successful conduct of the Company's business and to support the quality of its financial reporting. Effective risk management and good internal control contribute to securing shareholders' investment in the Company and the Company's assets. The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements and provide an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

Audit committee

Within risk management and internal control, the Audit Committee's duties and responsibilities include monitoring the financial reporting process, focusing on the following main areas:

- Changes in accounting principles
- Critical accounting estimates or judgments
- Material adjustments to the accounts requested or suggested by the statutory auditor
- Areas where there is a difference of opinion between the Management and the statutory auditor
- Monitoring the effectiveness of the Company's financial reporting processes, internal control, and internal audit where applicable, and risk management systems.
- Monitoring the statutory audit of the annual accounts.
- Monitoring services provided by the auditors other than audit.
- Establishing and evaluating procedures for the correct handling and registering of complaints relating to financial reporting, accounting, internal control and statutory audit.

Corporate Governance & Management

Risk management and internal control

Remuneration of the Board of directors

The General Meeting annually determines the Board's remuneration, based on proposal by the nomination committee. Remuneration of Board members shall be reasonable and based on the Board's responsibilities, work, time invested and the complexity of the enterprise. The compensation shall be a fixed annual amount. The Chairman of the Board may receive a higher compensation than the other members. The Board shall be informed if individual board members perform other tasks for the Company than exercising their role as board members. Work in subcommittees may be compensated in addition to the remuneration received for board membership. This will be specified in the Annual Report. The Company's annual accounts provide information about the Board's compensation.

Remuneration of executive personnel

In accordance with §6-16a of the Norwegian Public Limited Liability Companies act, remuneration of the CEO and the Executive Management team is regulated by the Company's Executive Remuneration Policy, which was approved by the AGM on 26 May 2021. The main purpose of the Company's remuneration of executive management is to attract and retain executive, to align interests between executives and the Company's shareholders, and to encourage a strong and sustainable performance-based culture which supports the Company's overall strategic ambitions and goals over time.

The Board decides the salary and other compensation to the CEO, however so that any compensation linked to the value of the Company's shares shall be approved by the General Meeting in accordance with the Norwegian Public Limited Companies Act. The CEO's salary and bonus shall be determined on the basis of an evaluation with emphasis on the following factors: financial results, business development, employee and customer satisfaction. Any fringe benefits shall be in line with market practice and should not be substantial in relation to the CEO's basic salary.

The Board annually carries out an assessment of the salary and other remuneration to the CEO and Executive Management team. The Company's annual accounts provide information about salary and other compensation to the CEO and the Executive Management team. Furthermore, the Company has prepared a separate remuneration report for 2021, which will be put forth the AGM in 2022 and be made available on www.reachsubsea.no.

The CEO determines the remuneration of executive employees based on the Executive Remuneration Policy, which lay down the main principles for the Company's management remuneration policy. The salary levels should not be of a size that could harm the Company's reputation, or above the norm in comparable companies. The salary levels should, however, ensure that the Company can attract and retain executive employees with the desired expertise and experience.

Information & communication

Reach Subsea maintains a proactive dialogue with analysts, investors and other stakeholders of the Company. The Company strives to continuously publish relevant information to the market in a timely, effective and non-discriminatory manner, and has a clear goal to attract both Norwegian and foreign investors and to promote higher stock liquidity. Emphasis is placed on ensuring that the shareholders receive identical and simultaneous information.

All stock exchange announcements are made available on the Oslo Stock Exchange news website, www.newsweb.no as well as the Company's website, www.reachsubsea.no.

Reach Subsea publishes its preliminary annual results by the end of February and the complete annual report, including approved and final annual accounts and the Board of Directors report, is available no later than 30 April each year as required by the Securities Trading Act. The Company's financial calendar for the coming year is published as a stock exchange announcement and made available on the Company's website no later than 31 December each year. Reach Subsea ASA intends to hold open presentations in connection with the publication of the Company's results. At the presentations, the Executive Management review and comment on the published results,

Corporate Governance & Management

market conditions and the Company's future prospects. The Company's Management gives high priority to communication with the capital market. Individual meetings are organized for major investors, investment managers and analysts. The Company also attends investor conferences. The Board has issued guidelines for the investor relations function of the Company, including authorized spokespersons of the Company.

Take-overs

It is not considered necessary to develop explicit guidelines for how Reach Subsea will act in the event a takeover bid is presented to the Company. The Board supports the Recommendation on this issue.

Auditor

Reach Subsea is audited by PricewaterhouseCoopers in Stavanger, Norway. PricewaterhouseCoopers has been the Company's auditor since the accounting year 2012. According to the Auditors Act, the Company is required to carry out a tender process for procurement of auditing services after ten years with the same auditor. The Audit Committee initiated this process in 2021, and will present its recommendation for election of auditor to the AGM in 2022.

Each year the auditor present to the Board a plan for the audit work and confirm that the auditor satisfies established requirements as to independence and objectivity.

The auditor shall be present at Board meetings where the annual accounts are on the agenda. Whenever necessary, the Board shall meet with the auditor to review the auditor's view on the Company's accounting principles, risk areas, internal control routines etc. At least one time per year, the Board and the auditor shall meet without the presence of anyone from the Executive Management.

The use of the auditor as a financial advisor to the Company should be sought limited to cases where such use of the auditor does not have the ability to affect or question the auditors' independence and objectiveness as auditor for the Company.

Only the Board's Audit Committee shall have the authority to enter into agreements in respect of such counselling assignments. The Audit Committee has delegated a limited authority to the Company's CFO, where use of such limited authority is monitored by the Audit Committee. At the Annual General Meeting, the Board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other assignments.

In connection with the auditor's presentation to the Board of the annual work plan, the Board should specifically consider if the auditor to a satisfactory degree also carries out a control function. The Board shall arrange for the auditor to attend General Meetings as and where appropriate.

Featured Project #1

Sandbank Offshore Wind Farm

Vessel

Olympic Artemis

Client

Boskalis

Location

Sandbank Offshore Wind Farm

Period

4Q 2021

Water Depth

Various

Germany

Installation of scour protection on offshore wind farm

During 4Q 2021 Reach Subsea was contracted by Boskalis to assist with the installation of scour protection on the Sandbank Offshore Windfarm. The project scope included crane operations with high complexity in challenging operational conditions, however, it was safely and successfully completed, largely due to the offshore team's strong operational experience.

Featured Project #2

Offshore Fish Farm

Vessel

Olympic Delta

Client

Norwegian Royal Salmon

Location

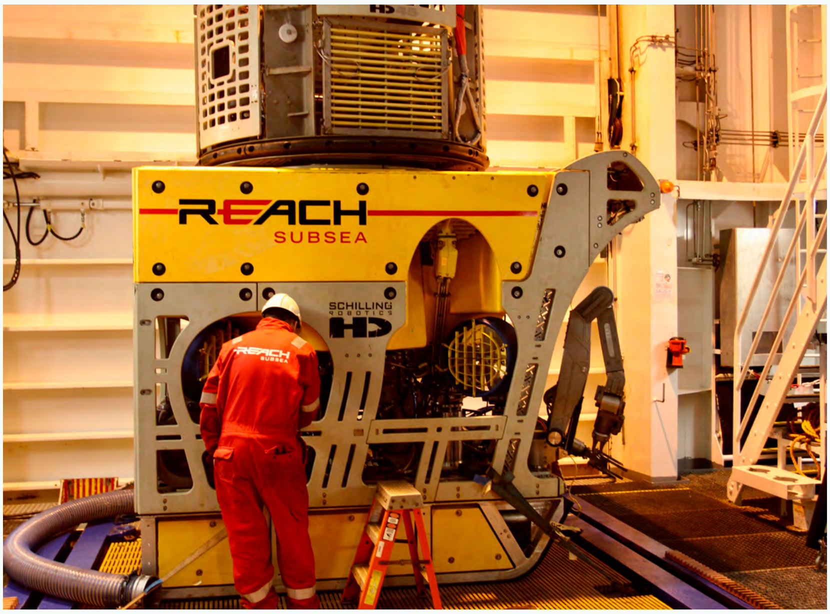
Norway

Period

3Q 2021

Water depth

Various



Mooring of Offshore Fish Farm

Reach Subsea was contracted by Norwegian Royal Salmon to assist with mooring of the Arctic Fish Farming project outside Tromsø in Norway. The project was safely and effectively executed in collaboration with the Client, utilizing modern subsea technology in the emerging market of Offshore Fish Farming.

Norway

Featured Project #3

Equinor IMR Frame Agreement

Vessel
Olympic Zeus

Client
Equinor

Location
Norway

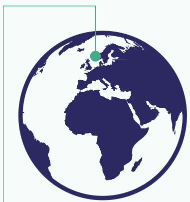
Period
2Q 2021

Water depth
380 m

Inspection, Maintenance and Repair

During Q2 of 2021 Reach Subsea was awarded the first ever call-off for Equinor under the Inspection, Maintenance and Repair Frame Agreement.

The project included fast track planning and execution of a complex lifting operation with the use of new and innovative technology for remote disconnection of lifting rigging. Although the project was rather short it has proved to be an important showcase of Reach Subsea's strong focus on embracing new technology and to deliver fast track projects to support urgent needs with solid and safe project execution. The vessel Olympic Zeus was chartered for this project.



Norway

Featured Project #4

Pipeline Inspection

Vessel

Havila Subsea

Client

Shell

Location

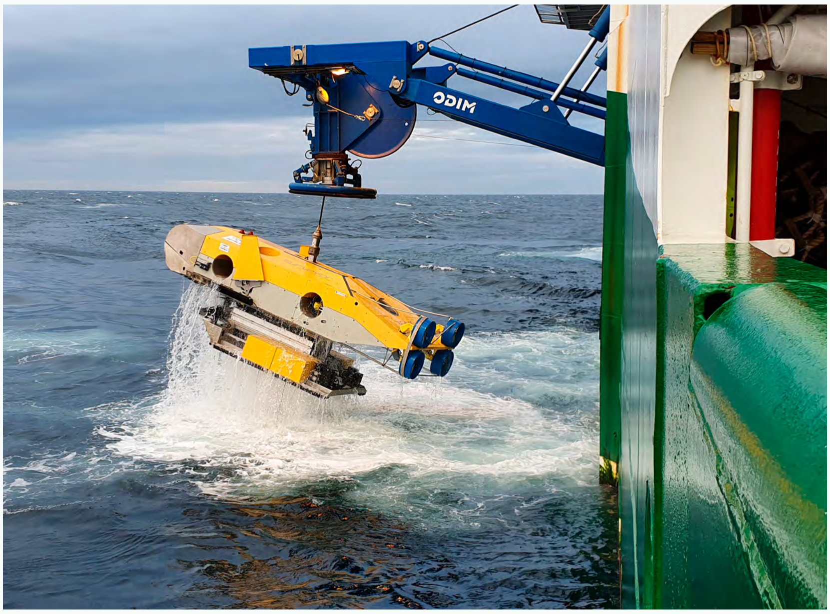
UK

Period

2Q 2021

Water depth

Various



Pipeline Inspection with Surveyor Interceptor

Reach Subsea and MMT were contracted by Shell UK to perform pipeline inspection works using the Surveyor Interceptor during Q2 of 2021.

The customer feedback included the remark “This has been another excellent year of data collection across all of our assets which has been conducted flawlessly” which speaks to the exceptional survey platform that the Surveyor Interceptor is and the strong cooperation that has been developed between Reach Subsea and MMT.

UK

Financial Statements

Reach Subsea ASA Group

Profit & Loss

Consolidated statement of comprehensive income

(NOK 1000)	2021	2020	NOTES
Revenues	673 253	618 870	5, 27
Other income/losses	13 347	9 160	28
Operating income, in total	**686 601**	**628 030**	
Operating expenses			
Procurement expenses	(158 633)	(169 972)	6
Depreciation	(239 807)	(208 386)	14, 26
Impairment	-	(7 505)	14
Personnel expenses	(122 374)	(111 422)	8
Other operating expenses	(86 722)	(79 429)	7, 8
Operating cost, in total	**(607 537)**	**(576 714)**	
Operating results	**79 064**	**51 317**	
Financial income and financial costs			
Interest income	237	149	9
Interest expense	(7 838)	(6 576)	9
Other financial items	1 437	(3 274)	9
Finance items - net	**(6 164)**	**(9 701)**	
Share of profit of investments accounted for using the equity method	146	1 487	13
Profit (loss) before taxes	**73 046**	**43 103**	
Taxes	20 760	-	10
Profit (loss) for the year	**93 806**	**43 103**	
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Translation differences	654	684	
Cash flow hedges - net of tax	-	-	
Total comprehensive income for the year	**94 460**	**43 787**	
Earnings (loss) per share	0.65	0.31	11
Diluted result (loss) per share	0.65	0.31	11

The notes on page 52 to 98 are an integral part of these financial statements.

Financial Position

Consolidated statement of financial position

(NOK 1000)	2021	2020	NOTES
ASSETS			
Non-current assets			
Property, plant and equipment	73 761	76 569	14
Right-of-use assets	277 212	13 534	14,26
Research and development	1 457	-	15
Investments in joint ventures	-	22 772	13
Deferred tax asset	40 151	8 161	10
Non-current assets, in total	**392 582**	**121 036**	
Current assets			
Bunkers	8 130	1 376	
Trade receivables	149 633	90 783	16, 21
Other current receivables	47 150	44 422	16
Cash and cash equivalents	149 035	105 396	17
Current assets, in total	**353 948**	**241 978**	
Total assets	**746 529**	**363 014**	

The notes on page 52 to 98 are an integral part of these financial statements.

Financial Position

Consolidated statement of financial position, continued

(NOK 1000)	2021	2020	NOTES
EQUITY AND LIABILITIES			
Equity			
Share capital	144 941	143 606	18
Share premium	85 928	83 529	
Proposed dividends	40 484	21 541	
Other equity	15 454	(38 522)	
Equity, in total	**286 806**	**210 154**	
Non-current liabilities			
Interest-bearing debt to credit institutions	14 497	12 731	21, 22
Interest-bearing debt, leases	105 171	-	26
Non-current liabilities, in total	**119 668**	**12 731**	
Current liabilities			
Trade payables	63 467	65 055	21
Taxes, payables	-	-	10
Public duties a.o.	8 498	7 237	
Interest-bearing debt to credit institutions	16 260	12 859	21, 22
Interest-bearing debt, leases	176 627	15 766	26
Other current liabilities	75 203	39 212	20, 22, 24
Current liabilities, in total	**340 055**	**140 128**	
Total equity and liabilities	**746 529**	**363 014**	

Haugesund,
31 March 2021

/s/ Rachid Bendriss
Chairperson of the Board

/s/ Kåre Johannes Lie
Deputy Chairperson of the Board

/s/ Martha Kold Bakkevig
Board member

/s/ Kristine Skeie
Board member

/s/ Ingunn Ø. Iveland
Board member

/s/ Anders Onarheim
Board member

/s/ Jostein Alendal
Managing Director

The notes on page 52 to 98 are an integral part of these financial statements.

Cash Flow

Consolidated statement of cash flow

(NOK 1000)	2021	2020	NOTES
Operations			
Profit before tax	73 046	43 103	
Paid taxes	-	-	10
Gain sold assets	-	(9 160)	14
Gain on acquisitions	(13 265)	-	28
Depreciation and amortisation	239 807	208 386	14, 26
Impairment	-	7 505	14, 26
Interest income	(237)	(149)	9
Interest expense	7 838	6 576	9
Change in trade debtors	(41 164)	(31 629)	16
Change in trade creditors	(11 863)	11 071	21
Change in other provision	25 053	32 557	
Share option cost employees	-	432	19
Net cash flow from operating activities (1)	**279 214**	**268 691**	
Investments			
Aquired cash balance from consolidation of Octio AS and Monviro AS	19 196	-	28
Aquired cash balance from consolidation of Surveyor AS	12 482	-	28
Sale of fixed assets	24 718	-	14
Purchase of fixed assets	(1 561)	(2 118)	14
Purchase of shares in subsidiary	(47 872)	-	28
Net cash flow from investment activitites (2)	**6 963**	**(2 118)**	
Financing			
Net interest paid	(1 740)	(2 176)	
Proceeds from issuance of ordinary shares	3 119		
Payment of dividends	(21 541)	-	
Repayment of interest bearing liabilities including interest - leases	(17 793)	(15 648)	21, 26
Repayment of interest bearing debt, leases	(207 185)	(182 348)	21, 26
Net cash flow from financing activities (3)	**(245 139)**	**(200 172)**	
Net cash flow for the year (1+2+3)	**41 037**	**66 401**	
Cash and cash equivalents 1/1	105 396	38 657	
Translation differences	2 602	339	
Cash and cash equivalents 31/12	149 035	105 396	

The notes on page 52 to 98 are an integral part of these financial statements.

Equity

Consolidated statement of changes in equity

(NOK 1000)	Share capital	Share premium	Proposed dividends	Other Equity: Other reserves	Other Equity: Retained earnings	Total
Equity 1 January 2021	**143 606**	**83 529**	**21 541**	**6 657**	**(45 180)**	**210 154**
Profit for the year	-	-	-	-	93 806	93 806
Other comprehensive income for the year	-	-	-	-	654	654
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**94 460**	**94 460**
Proceeds from shares issued	975	1 948				2 923
Proceeds from shares issued, not registrered	360	450	-	-	-	810
Dividends paid			(21 541)			(21 541)
Proposed dividends	-		40 484	-	(40 484)	-
Employee share options	-	-	-	-	-	-
Equity 31 December 2021	**144 941**	**85 927**	**40 484**	**6 657**	**8 795**	**286 806**
Equity 1 January 2020	**143 546**	**105 025**	**-**	**6 225**	**(88 966)**	**165 831**
Profit for the year	-	-	-	-	43 103	43 103
Other comprehensive income for the year	-	-	-	-	684	684
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**43 787**	**43 787**
Proceeds from shares issued, not registrered	60	45	-	-	-	105
Proposed dividends	-	(21 541)	21 541	-	-	-
Employee share options	-	-	-	432	-	432
Equity 31 December 2020	**143 606**	**83 529**	**21 541**	**6 657**	**(45 180)**	**210 154**

The notes on page 52 to 98 are an integral part of these financial statements.

Notes

Note 1
General Information

Reach Subsea ASA Group offers subsea services as a subcontractor and/or directly to end clients, based out of our head office in Haugesund. Reach Subsea ASA's shares are listed on Oslo Stock Exchange (Oslo Børs) under the ticker REACH.

Reach Subsea ASA is the parent company in the Group and is domiciled in Norway, with office address Garpeskjærvegen 2, 5527 Haugesund. The Group has a Branch in Trinidad & Tobago. The company's consolidated financial statements for the 2021 financial year covers Reach Subsea ASA and its subsidiaries Reach Subsea AS, Connect Offshore AS, Reach International AS, Reach Subsea Inc, Reach Subsea UK Ltd, Surveyor AS, Octio AS, Gravitude AS, Monviro AS and Monviro Ccs AS.

Note 2
Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Reach Subsea ASA have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations, as adopted by the EU, and in accordance with the additional requirements following the Norwegian Accounting Act.

The consolidated financial statements are prepared under the assumption of going concern and on a historical cost basis, with some exceptions as detailed under accounting policies set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The consolidated financial statements have been prepared on a going concern basis.

Notes

New & amended standards adopted by the Group

Certain new standards, amendments to standards, and annual improvements to standards and interpretations are effective for annual periods beginning after January 1, 2021 and have been applied in preparing these consolidated financial statements. These applications did not materially impact the Group's consolidated financial statements.

New standards & interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

SUBSIDIARIES

The consolidated financial statements incorporate the financial statements of Reach Subsea ASA, and entities controlled by Reach Subsea ASA. Control is achieved where Reach Subsea ASA

is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. Companies that are acquired during the year are consolidated from the date control was obtained.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50 % of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' income or other comprehensive income is recognized on separate lines in the consolidated statement of comprehensive income or the statement of other comprehensive income respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations on behalf of the associate. In the statement of financial position associates are presented as non-current assets.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When accounting policies of associates are different from those of the group, the figures are amended to ensure consistency.

JOINT ARRANGEMENTS

The group has applied IFRS 11 to all joint arrangements as of 1 January 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. Reach Subsea ASA has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealized

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losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The group has two segments. Oil & Gas and Renewable/Other.

Foreign currency translation

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Group presents its financial statements in NOK. The functional currency of the consolidated entities in the Group is the currency of the primary economic environment in which the entity operates. All Norwegian companies have NOK as functional currency. Reach Subsea AS' branch in Trinidad and Reach Subsea Inc have USD as functional currency and Reach Subsea UK Ltd has GBP as functional currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income within financial income and financial costs.

Property, plant and equipment

Property, plant and other equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes costs related to the purchase of the item.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Upon acquisition, property, plant and equipment are decomposed for depreciation purposes if this is material for the determination of the depreciation expense. The components are depreciated on a straight-line basis over expected useful life to estimated residual value at the end of their useful life

Depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amounts less their residual values over their estimated useful lives, as follows:

- Furniture, fittings and equipment 3-8 years
- ROVs 3-8 years

The assets' residual values and useful lives are reviewed, and the depreciation schedule adjusted, if appropriate, at the end of each reporting period.

Impairment of non-financial assets

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or where annual testing for impairment is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Onerous contracts

Provisions for onerous contracts are recognized when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Notes

Leases

ACCOUNTING AS LESSEE

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract includes the right to control the use of an identified asset for a period of time in exchange for consideration.

Short term leases (lease term 12 month or less) and assets that are leased for more than 12 months, but where the lease terms do not contain any commitments ("pay-as-you-go"), are also capitalized as right-of-use assets and depreciated. The impact is that all cost in relation to leases of vessels and ROVs are classified as depreciation and interest expense. Vessels and ROVs with a "pay-as-you-go" lease structure are treated as short term leases, where the lease expenses are classified as depreciation, and where the lease is capitalized at the balance sheet date only to the extent a commitment is incurred at the reporting date.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of:

- Fixed lease payments
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying value to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- the lease term has changed.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value.
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right of use asset is impaired, and accounts for any identified impairment loss as described in the "Impairment of non-financial asset" section.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Notes

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Bunkers

Bunkers comprise fuel and lube oil inventory and are valued at the lower of cost and net realisable value.

Fuel and lube are expensed to the consolidated statement of comprehensive income based on FIFO principle (First in, first out) as they are consumed.

Financial assets

The Group classifies its financial assets in the following categories: fair value through other comprehensive income (FVOCI), fair value through profit and loss (FVTPL), and amortized cost. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial instrument is managed and its contractual cash flow characteristics. Classification of financial assets is determined at initial recognition and is not reclassified subsequently unless the Group changes its business model for managing financial assets.

A financial asset shall be measured at amortized cost if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets, in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

FINANCIAL ASSETS AT FVTPL

The assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

FINANCIAL ASSETS AT AMORTIZED COST

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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FINANCIAL ASSETS AT FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

DERECOGNITION

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

IMPAIRMENT

The Group assesses at the end of each reporting period the expected credit losses for a financial asset or a group of financial assets.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The Group has currently not applied hedge accounting for any hedging activities.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value through profit or loss. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group has currently not applied hedge accounting for any hedging activities.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the consolidated statement of comprehensive over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight- line basis over the expected lives of the related assets.

Cash and cash equivalents

Cash equivalents are short-term liquid investments that can be converted instantly into cash of a known amount and have a maximum maturity of three months.

Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares is shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Taxes

The tax expense in the period comprises current tax and changes in deferred taxes. Tax expense is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items that are recognized in other comprehensive income, or directly in equity. In such cases the relating tax expense is also recognized in other comprehensive

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income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Share-based payments

The group has an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an economic settlement will take place in consequence of this obligation, and a reliable estimate can be made of the amount. Provisions are based on best estimate.

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent

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liabilities where the probability of the liability occurring is remote.

A contingent asset is not recognized in the annual financial statements but is disclosed if it is probable that a benefit will accrue to the Group.

Recognition of revenue

GENERAL

Revenue from sale of services is recognized in accordance with IFRS 15. Revenues are shown net of value added tax and discounts.

SALES OF SERVICES

The Group revenue comprises revenue recognized from contracts with customers for the provision of subsea services. Although scope of work varies from project to project, there are similarities in all projects, such as mobilisation and demobilisation of vessel, vessel hire, ROV crewing etc. These elements are highly related and comprise an integrated service negotiated as a whole with the customer. As such, all elements within a contract is normally considered to be one single performance obligation. Reach Subsea reviews all customer contracts to assess if there are elements that may indicate several performance obligations within one contract. Such elements may be use of several vessel spreads or project phases requiring separate mobilisation of vessels.

For sales of services under fixed rate contracts, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. For other services, revenue is recognized based on the agreed rate as the services are rendered. The transaction price for day-rate contracts is determined by the expected value approach being the number of scheduled days multiplied with dayrate. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices. For contracts with pricing elements that need to be estimated, revenue is recognised at best estimate only when it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.

Revenue is recognized as control is passed, either over time or at a point in time. Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. Reach Subsea has concluded that customers receive benefits from the subsea services as they are performed, and therefore recognize revenue over the time the subsea service is provided.

Incremental costs of obtaining a contract is recognized as an asset if we expect to recover these costs. However, incremental costs are limited to the costs that would not have incurred if the contract had not been successfully obtained. No such cost has been recognized in 2021.

REVENUE FROM LEASES

Revenue from time-charter leases is recognized using a straight-line basis over the term of the contract.

Cash flow statement

The cash flow statement is prepared according to the indirect method.

Going concern

The annual accounts are prepared on the assumption of a going concern. This assumption is based on the Group's budget for the year 2022 including the Business Plan, the cash flow forecast and the contract log. Refer to further information on going concern in Note 4.

Note 3 - Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management for the Group is carried out by Management. Management identifies, evaluates and hedges financial risks in close co-operation with the operating units within the Group. The Board approves the principles for overall risk management, as well as policies

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covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

3.1.1 Market Risk

FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NOK, USD, GBP and EUR. Foreign exchange risk arises from future commercial transactions and recognized assets or liabilities. Potential currency fluctuations are taken into account during the tendering phase. Long term contracts in a foreign currency will be considered hedged to be consistent with the currency of costs.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not an entity's functional currency. The Group aims at achieving a natural hedge between cash inflows and cash outflows and manages remaining foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, by forward contracts and similar instruments as appropriate.

The Group's risk management policy is to hedge anticipated transactions in each major currency.

The following table demonstrates the sensitivity to a reasonably possible change in USD, GBP and EUR, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Increase / decrease in **USD**	Effect on profit before tax
2021	5 %	665 953
2020	5 %	1 703 073

	Increase / decrease in **EUR**	Effect on profit before tax
2021	5 %	1 509 462
2020	5 %	306 022

	Increase / decrease in **GBP**	Effect on profit before tax
2021	5 %	1 050 224
2020	5 %	1 484 104

PRICE RISK

The Group is exposed to commodity price risk at two main levels:

- The demand for ROV units is sensitive to changes in the offshore energy industry, for example oil price developments, fluctuation in production levels, exploration results and general activity levels. Market fluctuations may affect asset utilization and earnings.
- The cost of construction of future units is sensitive to changes in market prices of the input factors.

The risks are managed by having focus on targeting moderate risk contracts, signing contracts with suppliers with the necessary financial strength and using our expertise to complete projects in accordance with agreements. The Group also monitors commodity prices, evaluate the need for hedging activities, and consider commodity prices in our tender process.

3.1.2 Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers. The Group has no significant concentration of credit risk towards single financial institutions and has policies that limit the amount of credit exposure to any single financial institution. Credit exposures to customers arise when entering into medium or short term contracts and are managed by performing a financial risk evaluation in the tendering process. The level of financial risk analysis performed in each case depends on the nature of the contract (including volume). Where the financial risk is substantial, bank guarantees are requested.

3.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Group aims to maintain flexibility in its liquidity by keeping committed credit lines available. The need for working capital is continuously being considered based on payment terms and financial status of clients and the Group's firm expenses (including loan instalments and interest). Please refer to note 21 for maturity analyses.

The Group entered into a one year bank overdraft agreement in February 2021, securing access to NOK 20 million in excess funds. The agreement was extended for six months from February 2022. Further extensions will be considered based on liquidity

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position and needs at expiry date.

As the Group's business is capital intensive, the Group may need to raise additional funds in the future to execute the Group's strategies. The Group's loan agreement, and bank overdraft agreement include terms, conditions and covenants.

The Group monitors its future liquidity positions on an ongoing basis, with monthly reports on cash flow forecasts and covenants.

3.1.4 Cash Flow and Fair Value Interest Rate Risk

The Group's interest rate risk arises from bank deposit held at floating rates, and the possible impact on the financial statement is estimated to be immaterial.

3.1.5 Capital Management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group has defined KPI levels for equity, liquidity and earning. The KPIs are consistent with loan covenants, and are being reported on a monthly basis as well as in budgets/forecasts. The development of the KPIs are being monitored closely. Breach of covenants request a waiver from the bank (measured quarterly) to avoid a formal breach of the loan agreement.

If a breach of one or more KPI is discovered in the forecast, the Board will consider taking actions such as provision capital from existing and/or new owners.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 4 - Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under current circumstances.

4.1 Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Impairment of property, plant and equipment

A review for indicators of impairment is performed at each reporting date. If there are indicators of impairment, a review for impairment is carried out by management. In order to determine an assets recoverable amount a value-in-use method is used, where management uses judgement in estimating future asset utilisation, cash flow and discount rate. For the purpose of assessing impairment of property, plant and equipment, management also use judgement to group assets at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units, "CGU's"). Management has determined that each ROV and associated ROV equipment is considered as separate GCU's. For right-of-use assets under IFRS 16, each vessel is considered as a separate CGU.

Assessment of leases under IFRS 16

The application of IFRS 16 requires significant judgements and certain key estimations. Critical judgements required in application of IFRS 16 may include, among others, the following:

- Identifying whether a contract includes a lease
- Determination of whether variable payments are in substance fixed
- Determining whether there are multiple leases in an arrangement.

Key sources of estimation uncertainty in the application of IFRS 16 may include, among others, the following:

- Estimation of lease term
- Estimation of lease payments when the contract includes options to extent the lease period
- Determination of the appropriate rate to discount the lease payments
- Assessment of whether a right of use asset is impaired.

Management uses judgement in evaluating each contract. At each balance sheet date management also assess if there are any impairment indicators for the right-of-use assets. For impairment see section above.

Notes

Income taxes

Judgment is required in determining the provision for income taxes, and the recognition of deferred tax assets. During the ordinary course of business, transactions and calculations occur for which the ultimate tax effect is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The accounting for deferred income tax asset relies upon management's judgment of the Group's ability to generate future positive taxable income in each respective jurisdiction.

Business combinations

The acquisitions require the use of substantial judgement when assessing the fair value of net identifiable assets and liabilities in a business combination. Allocation of excess value relating to any business combinations is, amongst other, based on expected cash flows and results for certain items of the acquired assets. Refer to note 29 for further information.

Notes

Note 5 - Segment information

(NOK 1000)	2021	2020
Revenue		
Oil & Gas	471 917	473 389
Renewable / other	201 336	154 641
Total	**673 253**	**628 030**
Operating expense		
Oil & Gas	(425 853)	(434 708)
Renewable / other	(181 683)	(142 005)
Total	**(607 537)**	**(576 714)**
Operating result		
Oil & Gas	46 064	38 681
Renewable / other	19 652	12 636
Total	**65 716**	**51 317**
EBITDA (Earnings before Interest, Taxes, Depreciation & Amortisation)		
Oil & Gas	214 157	201 412
Renewable / other	91 367	65 795
Total	**305 523**	**267 207**
Reconciliation of EBITDA in the financial statement:		
Revenues	673 253	628 030
Procurement expenses	(158 633)	(169 972)
Personnel expenses	(122 374)	(111 422)
Other operating expenses	(86 722)	(79 429)
EBITDA	**305 523**	**267 207**

*) Please note that "Other income" is not related to a segment and therefore excluded from the table in 2021.

All assets and liabilities are used jointly in all segments.

Notes

Note 6 - Procurement expenses specified

(NOK 1000)	2021	2020	NOTES
Project cost	66 189	54 828	
Fuel	44 870	50 352	
Victualling	19 937	19 201	
Rental offshore equipment	17 154	15 899	
Hire offshore personell	10 303	29 691	
Other procurements	181	-	
Procurement expenses, in total	**158 633**	**169 972**	

Note 7 - Other operating costs specified

(NOK 1000)	2021	2020	NOTES
Rental cost	4 041	3 046	24
Consultant cost	35 965	42 272	
Operating equipment and maintenance	25 833	14 560	
Administration costs	20 883	19 550	
Other operating costs, in total	**86 722**	**79 429**	

Notes

Note 8 - Personnel expenses

Wages and social costs (NOK 1000)	2021	2020
Salaries and wages including holiday allowance	98 363	91 263
Social security tax	14 525	12 368
Pensions	7 017	6 078
Other benefits	2 468	1 278
Option cost	-	436
Wages and social costs, in total	**122 374**	**111 422**
Number of man-years	109	105

The company has a defined contribution plan that complies with the requirements of the Mandatory Occupational Pension Act. Total cost during the year is as specified above.

COMPENSATION AND BENEFITS TO MANAGEMENT

Guidelines for remuneration

The company's guideline for management compensation and benefits is to offer competitive conditions to secure continuity in the management group. Reach Subseas shall offer benefits as for comparable Norwegian companies.

In accordance with Section 6-16 b. (2) of the Norwegian Public Limited Liability Companies Act and the Norwegian regulations on guidelines and report on remuneration for executives, the Group will publish a separate report on remuneration to executives for presentation at the Annual General Meeting on 30 May 2022. In addition to detailed information on paid and pending remuneration to directors for the 2021 accounting year, the report on remuneration for directors will contain an overview of performance targets that form the basis for variable remuneration. Shareholdings and allocated shares will also be included.

Compensation to CEO, CFO, CCO and COO is specified below:

(NOK 1000)	Salary	Pension costs	Other comp	Share options /granted
2021				
Jostein Alendal, Managing Director CEO	1 780	90	300	450
Birgitte W. Johansen, CFO	1 559	82	300	450
Bård Thuen Høgheim, CCO	1 559	82	300	450
Inge Grutle, COO	1 559	89	300	450
Total	**6 457**	**344**	**1 200**	**1 800**

Notes

Note 8 - Personnel expenses, continued

(NOK 1000)	Salary	Pension costs	Other comp	Share options /granted
2020				
Jostein Alendal, Managing Director CEO	1 531	87	100	-
Birgitte W. Johansen, CFO	1 327	85	100	-
Bård Thuen Høgheim, CCO	1 327	80	100	-
Inge Grutle, COO	1 327	80	100	-
Total	**5 512**	**331**	**400**	**-**

Managing director has no agreement regarding early retirement. Managing director will receive 1 500 000 NOK in payment if employment is terminated. CFO has no agreement regarding early retirement and no agreement on payment in case of termination of employment.

THE BOARD'S REMUNERATION

(NOK 1000)	Position	2021	2020
Rachid Bendriss	Chairman of the Board	361	180
Kåre Johannes Lie	Vice-Chairman of the Board	183	423
Anders Onarheim	Board member	183	263
Martha K. Bakkevig	Board member (from May 2020)	183	100
Sverre B. Mikkelsen	Board member	235	338
Kristine Skeie	Board member	183	263
Ingunn Ø. Iveland	Board member (from May 2020)	219	280

Rachid Bendriss was elected as Chairman of the Board in May 2020.

AUDITOR'S REMUNERATION

(NOK 1000)	2021	2020
Auditing	1 219	1 384
Attestation services	27	-
Tax advice*	282	332
Other assistance*	374	836
Total	**1 902**	**2 552**

All amounts are exclusive of value add tax.

* Included in tax advice and other assistance are services from Advokatfirmaet PricewaterhouseCoopers AS with the amount of 134 354 (2020: 73 046).

Notes

Note 8 - Personnel expenses, continued

Shares owned by members of the Board and by the management at year-end, including shares owned by immediate family members and/or controlled companies are as follows:

		2021	
		Number of shares	Ownership
NORTH ENERGY ASA	Partly owned by Rachid Bendriss (COB) and Anders Onarheim (Board member)	46 126 567	31.8 %
JOSO INVEST AS	Owned by Kåre Johannes Lie (Board member)	7 564 589	5.2 %
JT INVEST AS	Partly owned by Jostein Alendal (CEO)	5 529 539	3.8 %
A-Å INVEST AS	Owned by Åge Nilsen (management)	1 948 725	1.3 %
SMS INVESTERING AS	Owned by Svein Magne Storesund (management)	1 662 366	1.1 %
INVICTA INVEST AS	Partly owned by Inge Grutle (management)	919 179	0.6 %
KOLD INVEST AS	Owned by Martha Kold Bakkevig (Board member)	867 181	0.6 %
TYRIHANS MANAGEMENT	Owned by Sverre B Mikkelsen (Board member)	376 250	0.3 %
BIRGITTE WENDELBO JOHANSEN	Management	149 050	0.1 %
BÅRD THUEN HØGHEIM	Management	460 625	0.3 %
SVERRE B. MIKKELSEN	Board Member	85 925	0.1 %
JOSTEIN ALENDAL	CEO	60 000	0.0 %
INGUNN ØVERENG IVELAND	Board Member	30 000	0.0 %
AB INVESTMENT AS	Owned by Anders Onarheim (Board member)	500 000	0.3 %
VEST-NORSK HANDELSKOMPANI AS	Owned by Kristine Skeie (Board member)	35 000	0.0 %
ASKIL RØDESEIKE LOSNEGÅRD	Management	10 000	0.0 %
KRISTINE SKEIE	Board Member	5	0.0 %
Total		**66 325 001**	**45.8 %**

Notes

Note 9 - Financial income and expenses

(NOK 1000)	2021	2020
Interest income on short term bank deposits	237	149
Total interest income	**237**	**149**
Interest expense on bank borrowings	(1 223)	(1 410)
IFRS 16 interest expense	(5 861)	(4 252)
Other interest expense	(763)	(915)
Total interest expense	**(7 838)**	**(6 576)**
Foreign exchange income	7 714	12 464
Foreign exchange expense	(6 167)	(14 532)
Other finance costs	(102)	(1 205)
Total Other finance items	**1 437**	**(3 274)**
Net finance items	**(6 164)**	**(9 701)**

Notes

Note 10 - Taxes

(NOK 1000)	2021	2020
Taxes payable	-	-
Changes in deferred taxes	(20 760)	-
Taxes, in total	**(20 760)**	**-**

DEFERRED TAXES / (DEFERRED TAX ASSETS)

Other fixed assets	(17 537)	(9 288)
Financial leases	2 943	13 268
Fixed-price contracts	-	-
Inventories	(4 790)	
Accruals	(3 669)	(3 761)
Tax loss carried forward	(159 469)	(167 180)
Temporary differences, in total	(182 521)	(166 961)
Deferred tax assets	(40 151)	(36 731)
Not recognized deferred tax assets	-	(28 570)
Deferred tax assets in balance sheet*	40 151	8 161

* In March 2021 Reach Subsea acquired Surveyor AS. The transaction was completed in end March 2021. Deferred tax assets incorporated at closing was NOK 0. Refer to note 28 for further details.

* In december 2021 Reach Subsea acquired Octio AS, Gravitude AS, Monviro AS and Monviro Ccs AS (""Octio Group)"". The transaction was completed in December 2021. Deferred tax assets incorporated at closing was NOK 11.2 million. Refer to note 28 for further details. "

Deferred tax assets are recognized in the balance sheet based on expected utilization of tax losses carried forward and temporary differences. The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet dateand are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes

Note 10 - Taxes, continued

(NOK 1000)	31.12.2021	31.12.2020
Reconciliation from nominal to actual tax rate:		
Profit & loss before taxes	73 046	43 103
Nominal tax rate	22 %	22 %
Anticipated income tax due to nominal tax rate	16 070	9 483
Actual tax cost	(20 760)	-
Deviation	(36 830)	(9 483)
Tax effects of:		
Permanent differences	3 878	604
Carry forward tax loss not recognized	-	8 878
Changes in deferred tax assets, previously not recognized	32 952	-
Explanation	**36 830**	**9 483**
Effective tax rate	-28 %	0 %

Note 11 - Earnings per share

Profit (loss) per share is calculated on the consolidated profit (loss) divided by the average number of shares outstanding.

	2021	2020
Profit (loss) - attributable to the owners (NOK 1000)	93 806	43 103
Basic profit (loss) per share (NOK)	0.65	0.31
Diluted profit (loss) per share (NOK)	0.65	0.31
Average numbers of shares	143 677 290	143 546 172
Average diluted number of shares for EPS	143 677 290	143 546 172
Number of shares 1/1	143 606 008	143 546 008
Number of shares 31/12	144 940 708	143 606 008

Notes

Note 12 - Shares in subsidiaries

Company	Business office	Voting rights and ownership
Reach Subsea AS	Haugesund	100 %
Connect Offshore AS (100 % owned by Reach Subsea AS)	Haugesund	100 %
Reach Subsea International AS (100% owned by Reach Subsea AS)	Haugesund	100 %
Reach Subsea Inc (100% owned by Reach Subsea International AS)	Delaware, USA	100 %
Reach Subsea UK Ltd (100% owned by Reach Subsea International AS)	Scotland, UK	100 %
Surveyor AS (100% owned by Reach Subsea AS)	Haugesund	100 %
Octio AS (100% owned by Reach Subsea AS)	Bergen	100 %
Gravitude AS (100% owned by Octio AS)	Bergen	100 %
Monviro AS (100% owned by Reach Subsea AS)	Bergen	100 %
Monviro Ccs AS (100% owned by Monviro AS)	Bergen	100 %

Note 13 - Investments in joint ventures

NATURE OF INVESTMENT IN ASSOCIATES 2021

In March 2021 our joint venture partner MMT Sweden AB ("MMT") was purchased by Ocean Infinity. This transaction triggered an option for Reach Subsea to purchase MMT's shares in our jointly owned entity Surveyor AS at book value. This option was exercised 31.03.2021 with the effect that the balance sheet for Surveyor AS is consolidated into our Group accounts as per end March 2021. The transaction was closed in June 2021.

Refer to note 28 for further information.

Surveyor AS owns the ROV "Surveyor" and leases the ROV to the owners Reach Subsea AS and former co-owner MMT Sweden AB.

Notes

Note 13 - Investments in joint ventures, continued

SUMMARISED BALANCE SHEET

(NOK 1000)	2020
Cash and cash equivalents	9 946
Other current assets	20 279
Total current assets	**30 224**
Non-current assets	**46 814**
Other current liabilities	6 479
Total current liabilities	**6 479**
Financial liabilities	24 607
Total non-current liabilities	**24 607**
Net assets	**45 952**

RECONSILIATION TO CARRYING AMOUNTS

(NOK 1000)	2020
Opening net assets 1 January	42 569
Foundation	-
Capital increase	-
Profit/(loss) for the period	3 383
Closing net assets	**45 952**
Group's share in %	50 %
Group's share in NOK	22 976
Eliminated profit on transactions with joint venture	(204)
Carrying amount	**22 772**

Notes

Note 13 - Investments in joint ventures, continued

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

(NOK 1000)	2021	2020
Revenue	4 669	21 890
Interest income	62	547
Depreciation and amortisation	(3 187)	(12 331)
Other operating expenses	(877)	(5 107)
Interest expense	(272)	(1 616)
Income tax expense	-	-
Profit for the period	**394**	**3 383**
The amounts recognised in the income statement are as follows:		
Share of profit of investments accounted for using the equity method	197	1 691
Eliminated profit on transactions with joint venture	(51)	(204)
At 31 December	**146**	**1 487**

Notes

Note 14 - Property, plant & equipment

(NOK 1000)	ROV & ROV equipment	Right of use asset ROV, leased from financial institutions	Right of use asset Vessels and other equipments*	Equipment & office machinery	Total
Year ended 31 December 2021					
Opening net book amount	51 547	23 976	13 533	1 046	90 103
Additions**	44 672	-	467 107	13 589	525 369
Disposals	(22 856)	(1 862)	-	-	(24 715)
Adjustment of commitment	-	-	-	-	-
Other reclassification	-	-	-	-	-
Depreciation	(26 681)	(8 774)	(203 435)	(915)	(239 807)
Impairment	-	-	-	-	-
Closing net book value	**46 709**	**13 340**	**277 212**	**13 720**	**350 974**
At 31 december 2021					
Cost 1.1.21	133 253	115 746	134 029	12 084	395 112
Additions	44 672	-	467 107	13 589	525 369
Other reclassification	-	-	-	-	-
Disposals at cost	(22 856)	(1 862)	-	-	(24 718)
Adjustment fully depreciated items	-	-	-	-	-
Cost 31.12.21	**155 068**	**113 884**	**601 143**	**25 673**	**895 767**
Accumulated depreciation 1.1.21	(81 706)	(91 770)	(112 991)	(11 038)	(297 505)
Depreciation	(26 681)	(8 774)	(203 435)	(915)	(239 807)
Depreciation disposed assets	-	-		-	-
Accumulated depreciation 31.12.21	**(108 387)**	**(100 544)**	**(316 426)**	**(11 953)**	**(537 312)**
Accumulated impairment 1.1.21	-	-	(7 505)	-	(7 505)
Impairment	-	-	-	-	-
Accumulated depreciation 31.12.21	**-**	**-**	**(7 505)**	**-**	**(7 505)**
Book value	**46 701**	**13 340**	**277 212**	**13 720**	**350 974**

Depreciation plan/useful life	3 - 8 years	3 - 8 years	1-3 years	3 years	
Depreciation method	linear	linear	linear	linear	

* See note 26 for further information for Right of use asset Vessels and other equipments and note 22 for Right of use asset ROV, leased from financial institutions,

** Refer to note 28 for ROV, ROV Equipment and other equipment acquired in the Surveyor AS and Octio AS / Monviro AS transactions.

Notes

Note 14 - Property, plant & equipment, continued

(NOK 1000)	ROV & ROV equipment	Right of use asset ROV, leased from financial institutions	Right of use asset Vessels and other equipments*	Equipment & office machinery	Total
Year ended 31 December 2020					
Opening net book amount	71 421	37 306	133 203	5 976	247 802
Additions	2 118	-	133 666	-	135 785
Disposals at cost	(3 781)	(138)	(71 028)	(2 750)	(77 694)
Adustjment of commitment	-	-	-	-	-
Other reclassification	-	-	-	-	-
Depreciation	(18 211)	(13 193)	(174 802)	(2 180)	(208 386)
Impairment	-	-	(7 505)	-	(7 505)
Closing net book value	**51 547**	**23 976**	**13 533**	**1 046**	**90 103**
At 31 december 2020					
Cost	133 253	115 746	134 029	12 084	395 111
Accumulated depreciation	(81 706)	(91 770)	(112 991)	(11 038)	(297 505)
Accumulated impairment 1.1.20	-	-	-	-	-
Impairment	-	-	(7 505)	-	(7 505)
Accumulated impairment 31.12.20	**-**	**-**	**(7 505)**	**-**	**(7 505)**
Book value	**51 547**	**23 976**	**13 534**	**1 046**	**90 103**
Depreciation plan/useful life	3 - 8 years	3 - 8 years	1-3 years	3 years	
Depreciation method	linear	linear	linear	linear	

Bank borrowings are secured on fixed assets for the value of NOK 61.0 million (2020: 76.6 million). See also note 22 Borrowings.

Impairment

SUMMARY

Impairment testing has been performed in accordance with IAS 36. The impairment testing for 2021 did not result in any impairment.

DISCOUNT RATE

The discount rate is based on the Weighted Cost of Capital (WACC) pre tax for the Group. The discount rate is 9.0 %.

Notes

Note 14 - Property, plant & equipment, continued

REVENUE ASSUMPTIONS

The revenue assumption in the cash flow forecast is based on a combination of utilisation for assets and selling price. Utilisation is based on firm contractual days on a short to medium term and estimated future selling on a medium to longer term. Forecasted utilisation on a longer term is based on historical data, as well as managements expectations of market development. Forecasted selling rates are based on historical data. No inflation adjustments have been made to revenue assumptions. Future change in how the world will react in light of the goals set in the Paris-agreement could, depending on the characteristics of the change, have a negative effect on the demand for the companys services.

RIGHT-OF USE-ASSETS - VESSELS:

"The right-of-use assets at 31 December 2021 represents the remaining committed vessel days on charter agreements with vessel owners. The impairment testing demonstrated that the recoverable amount is larger than book value, and as such no impairment charge is required. The recoverable amount is sensitive to estimated utilisation and selling rate assumptions. Sensitivity analysis show that a 20% drop in estimated future revenue would result in an impairment of NOK 13 million. An increase in WACC of 2 percentage points will not result in any additional impairment due to the short remaining lifetime of the assets.
See note 26 for further information on Right-of-use assets.

ROV AND ROV EQUIPMENT

Impairment testing has been performed on each ROVs CGU, i.e. both owned and leased ROVs. Other assets, such as activated mobilisation costs and other ROV equipment is not included in the impairment test as these assets do not have impairment indicators. The recoverable amount is based on estimated future cash flows, which is based on estimated selling price, budgeted maintenance cost and utilisation. The impairment testing demonstrated that the assets recoverable amount is larger than book value, and as such no impairment charge is required. The recoverable amount is sensitive to utilisation and selling rate assumptions. Sensitivity analysis show that a 20% drop in revenue for all ROV CGU's would result in an impairment charge of NOK 1.7 million.

SENSITIVITY ON TOTAL FIXED ASSETS

Drop in estimated utilisation	Impairment charge on fixed assets (NOK 1000)
10%	-
20%	14 769
30%	52 938

Notes

Note 15 - Intangible assets

(NOK 1000)	Research & development	Total
Year ended 31 December 2021		
Opening net book amount	-	-
Additions*	1 457	1 457
Depreciation	-	-
Impairment	-	-
Closing net book value	**1 457**	**1 457**
At 31 december 2021		
Cost 1.1.21	-	-
Additions	1 457	1 457
Other reclassification	-	-
Disposals at cost	-	-
Cost 31.12.21	**1 457**	**1 457**
Accumulated depreciation 1.1.21	-	-
Depreciation	-	-
Accumulated depreciation 31.12.21	**-**	**-**
Accumulated impairment 1.1.21	-	-
Impairment	-	-
Accumulated impairment 31.12.21	**-**	**-**
Book value	**1 457**	**1 457**

* Additions are related to the acquisition of Octio group, refer to note 28 for further information. Please note that the addition from the acquisition of Monviro is presented as the net value of capital costs and government support related to the project.

As of December 31. 2021 Monviro has net book values for R&D totaling NOK 1.46 million that apply to development of software/equipment related to the company's ASUMO project. Hours spent have been capitalized for Monviro personnel, hired personnel from OCTIO as well as other external consultants related to the development of equipment and software.

Notes

Note 16 - Trade and other receivables

(NOK 1000)	2021	2020
Trade receivables	149 633	90 783
Less: provision for impairment of trade receivables	-	-
Current portion trade receivables	**149 633**	**90 783**
Prepayments	7 619	3 780
Revenue recognised, not billed	31 747	40 529
Other receivable	7 781	114
Current portion other receivables	**47 150**	**44 422**
Non-current positions	-	-

The fair values of trade and other receivables are as follows:

(NOK 1000)	2021	2020
Trade receivable	149 633	90 167
Receivables from related parties	-	616
Loans to related parties	-	-
Total trade receivables	**149 633**	**90 783**

Transactions with subsidiaries have been eliminated in the Group's financial statements and do not represent related party transactions.

CHANGES IN ALLOCATION FOR LOSSES OF ACCOUNT RECEIVABLES

There has been no losses or provisions for impairment of recievables in 2020 and 2021

As of 31.12., the Group had the following trade receivables which was due, but not been paid:

Trade receivables	Total	Not due	< 30 d	30-90 d	90 - 360 d	> 361 d
2021	149 633	89 452	48 472	11 673	36	-
2020	90 783	48 537	16 961	25 710	145	(570)

Based on previous experience with customers and assessment of intial credit risk and expected credit losses as at 31 December 2021, there is no allowance for bad debt on receivables in 2021. The main portion of overdue receivables has been paid after balance sheet date.

Notes

Note 16 - Trade and other receivables, continued

TRADE RECEIVABLES - COUNTERPARTY WITHOUT EXTERNAL CREDIT RATING

(NOK 1000)	2021	2020
Group 1	34 101	10 944
Group 2	115 532	79 839
Group 3	-	-
Total trade receivables	**149 633**	**90 783**

Group 1 - New customers (less than 6 months customer relationship)

Group 2 - Existing customers (more than 6 months customer relationship) with no defaults in the past

Group 3 - Existing customers (more than 6 months customer relationship) with some defaults in the past

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

(NOK 1000)	2021	2020
NOK	73 858	64 827
EUR	19 250	564
USD	44 523	12 840
GBP	11 614	12 552
AUD	388	
Sum	**149 633**	**90 783**

Notes

Note 17 - Cash and cash equivalents

(NOK 1000)	2021	2020
Cash and cash equivalents in NOK	111 211	61 990
Cash and cash equivalents in USD	16 551	33 133
Cash and cash equivalents in EUR	11 141	233
Cash and cash equivalents in GBP	10 132	10 041
Restricted cash equivalence hereof	-	-
Cash and cash equivalents, in total	**149 035**	**105 396**

The company also has restricted cash related to withheld tax of NOK 6 337 in 2021 (2020: NOK 4 438).

The Group entered into a bank overdraft agreement in 2019. As at 31.12.21 the Group had NOK 20 million in unused drawing rights. The agreement expires in August 2022.

RATING ON BANKS FOR CASH

AA+	28	-
AA-	17 540	-
A+	131 453	105 348
BBB-	14	48
Total cash and cash equivalents	**149 035**	**105 396**

Notes

Note 18 - Share capital and information about shareholders

Reach Subsea's share capital amounts to NOK 144 940 708 divided into 144 940 708 shares, each with a nominal value of NOK 1. This includes 360 000 shares not yet registered.

	The 20 largest shareholders as of 31.12.2021	Number of shares	Ownership in per cent
1.	NORTH ENERGY ASA	46 126 567	31.8%
2.	JOSO INVEST AS	7 564 589	5.2%
3.	HOLME HOLDING AS	6 206 000	4.3%
4.	JT INVEST AS	5 529 539	3.8%
5.	SOBER AS	5 200 000	3.6%
6.	NORMAND DRIFT AS	5 000 000	3.4%
7.	VERDIPAPIRFONDET EIKA NORGE	4 418 418	3.0%
8.	Danske Invest Norge Vekst	2 820 462	1.9%
9.	CORUNA AS	2 500 000	1.7%
10.	LION INVEST AS	2 400 000	1.7%
11.	STAVA INVEST AS	2 300 000	1.6%
12.	RMS INVEST AS	2 000 000	1.4%
13.	TEOMAR AS	2 000 000	1.4%
14.	A-Å INVEST AS	1 948 725	1.3%
15.	SMS INVESTERING AS	1 662 366	1.1%
16.	NÆRINGSLIVETS HOVEDORGANISASJON	1 517 532	1.0%
17.	BARRUS CAPITAL AS	1 510 090	1.0%
18.	FREEMAN SHIPPING & OFFSHORE AS	1 510 053	1.0%
19.	TEM INVEST AS	1 250 000	0.9%
20.	CASTEL AS	1 248 517	0.9%
Sum	20 largest	104 712 858	72.2%
	The rest of shareholders	40 227 850	27.8%
	Total number of shares	**144 940 708**	**100.0%**

After year end the Group announced the acquisition of 100% of the shares in iSurvey Group AS from iSurvey Holding AS for NOK 135 million. The transaction was settled through the issuance of 33,846,153 shares in Reach, valued at NOK 3.25 per share, and NOK 25 million in cash. In addition, new equity was raised by entering into a strategic partnership with Wilhelmsen New Energy AS, by issuing 46,126,567 new shares in Reach Subsea ASA at a subscription price of NOK 3.25 per share. Wilhelmsen has also received warrants to subscribe for 44,766,864 additional shares (nominal price NOK 1.0, subscription price NOK 4.0). The transactions were subsequently completed on 22 March 2022. The Company's new share capital is NOK 224,913,428, divided into 224,913,428 shares, each with a nominal value of NOK 1.

Notes

Note 19 - Sharebased payments

In 2021 the Board of directors of Reach Subsea ASA approved a stock option scheme to further align the interests of the participating employees in Reach Subsea with those of the shareholders. The stock option scheme was finalised with a signed agreement between the company and Management and certain key employees 15.12.2021. Management and certain key employees of the Reach Subsea-group is granted the right to acquire up to a certain maximum number of shares in the Company at a fixed strike price ("the Option"). The strike price is set equal to the volume weighted average share price of the Company´s stock traded on the Oslo Stock Exchange 10 days prior to the finalization of the option scheme.

The options are vested with 1/3 each year, over a period of three years until 31.12.2024. The options are non-tradable and conditional upon the participant being employed by the Reach Subsea-group at the vesting date. The stock option plan constitued a maximum of 3.000.000 options equivalent to a similar number of Reach Subsea ASA shares. No cost have been recognized related to the options in 2021. The fair value at grant date was determined using a Black Scholes Model. The most significant inputs and assumptions in determining fair value at grant date was:

Excercise price:	NOK 3.0
Share price at grant date:	NOK 3.0
Expected volatility:	NOK 56.14%
Risk free interest rate:	NOK 1.092%
Term of options:	3 years

Movements in the number of share options and their related weighted average exercise prices were as follows:

	2021		2020	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
At 1 January	-	-	1.88	1 164 944
Granted	3.00	3 000 000	-	-
Forfeited	-	-	-	-
Exercised	-	-	1.75	60 000
Expired	-	-	-	1 104 944
At 31 December	**3.00**	**3 000 000**	-	-

The group has no legal or constructive obligation to repurchase or settle the options in cash.

Notes

Note 20 - Other current liabilities

(NOK 1000)	2021	2020
Other current liabilities	7 168	6 430
Accruals	45 279	26 332
Accrued salaries and benefits	16 807	8 249
Witholding taxes	586	0
Other taxes payable	5 190	(1 913)
Accrued interests	174	114
Other current liabilities, in total	**75 203**	**39 212**

Other current liabilities consist mainly of incurred operational expenses and performed planned periodic maintenance not yet invoiced at year end.

Notes

Note 21 - Classification of financial assets and liabilities

2021 (NOK 1000)	Financial instruments measured at amortised cost	Financial instruments at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Fair value
Financial assets				
Trade receivables	149 633	-	-	149 633
Other receivables	47 150	-	-	47 150
Cash and cash equivalents	149 035	-	-	149 035
Assets, in total	**345 818**	**-**	**-**	**345 818**
Financial liabilites				
Borrowings (long & short term interest bearing debt)	312 556	-	-	312 556
Trade payables	63 467	-	-	63 467
Public duties	8 498	-	-	8 498
Other current liabilities	75 203	-	-	75 203
Liabilites, in total	**459 723**	**-**	**-**	**459 723**

2020 (NOK 1000)	Financial instruments measured at amortised cost	Financial instruments at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Fair value
Financial assets				
Trade receivables	90 783	-	-	90 783
Other receivables	44 422	-	-	44 422
Cash and cash equivalents	105 396	-	-	105 396
Assets, in total	**240 602**	**-**	**-**	**240 602**
Financial liabilites				
Borrowings(long & short term interest bearing debt)	41 356	-	-	41 356
Trade payables	65 055	-	-	65 055
Public duties	7 237	-	-	7 237
Other current liabilities	39 212	-	-	39 212
Liabilites, in total	**152 859**	**-**	**-**	**152 859**

The following of the Group's financial instruments are measured at amortised cost: cash and cash equivalents, trade receivables, other current receivables, trade payables, other current liabilities and all interest bearing debt.

Notes

Note 21 - Classification of financial assets and liabilities, continued

The carrying amount of cash and cash equivalens is approximately similar to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables, trade payables and other receivables/liabilities is approximately equal to fair value since they are entered into at standard terms and conditions.

The fair value of the interest-bearing debt is the disclosed face value of the loans.

The tables below provides an analysis of the maturity of financial liabilities

	Remaining contractual maturities				
Financial liabilities 2021	0-180 days	180 d-1 year	1-3 years	> 3 years	Total
Trade payables	63 467				63 467
Other financial liabilities	83 700				83 700
Interest-bearing debt to credit institutions	8 290	7 471	14 997		30 757
Interest-bearing debt, leases	85 800	90 827	103 732	1 439	281 798
Interest on interest-bearing debt to credit institutions	620	444	596		1 660
Interest on interest-bearing debt, leases	6 407	4 301	3 047	43	13 798
Financial liabilities, in total	**248 284**	**103 043**	**122 372**	**1 482**	**475 181**

	Remaining contractual maturities				
Financial liabilities 2020	0-180 days	180 d-1 year	1-3 years	> 3 years	Total
Trade payables	65 055				65 055
Other financial liabilities	46 448				46 448
Interest-bearing debt to credit institutions	6 860	5 999	12 731		25 590
Interest-bearing debt, leases	15 766	-	-		15 766
Interest on interest-bearing debt to credit institutions	445	311	453		1 209
Interest on interest-bearing debt, leases	0	-	-		0
Financial liabilities, in total	**134 574**	**6 310**	**13 184**	**-**	**154 068**

Notes

Note 21 - Classification of financial assets and liabilities, continued

	2021		2020	
	Interest bearing debt, leases	Interest bearing debt to credit institutions	Interest bearing debt, leases	Interest bearing debt to credit institutions
Opening balance	15 766	25 590	141 280	41 239
Drawdowns	-	-	-	-
Repayment incl interest	(207 185)	(17 793)	(182 348)	(15 648)
Addition IFRS 16 lease liability opening balance	-	-	-	-
Addition IFRS 16 lease liability throughout the year	467 226	-	133 748	-
Interest-bearing debt from acquisition of Surveyor AS*	-	22 961	-	-
Non-cash changes:	-	-	-	-
Adjustment IFRS 16 lease liability	-	-	(86 892)	-
Currency adjustment	131	-	5 725	-
Accrued interest	5 861	-	4 252	-
Closing balance	**281 798**	**30 757**	**15 766**	**25 590**

* Refer to note 28 for debt acquired in the Surveyor AS transaction.

DISTRIBUTION NON-CURRENT AND CURRENT DEBT

(NOK 1000)	2021	2020
Non-current interest-bearing debt to credit institutions	14 497	12 731
Non-current interest-bearing debt, leases	105 171	-
Current interest-bearing debt to credit institutions	16 260	12 859
Current interest-bearing debt, leases	176 627	15 766
Closing balance	**312 556**	**41 356**

Notes

Note 22 - Borrowings

(NOK 1000)	2021	2020
Non-current		
Bank borrowings	13 938	7 500
Lease liabilities to credit institutions(IFRS 16)	559	5 231
Other lease liabilities (IFRS 16)	105 171	-
Total non-current	**119 668**	**12 731**
Current		
Bank borrowings	11 584	5 000
Lease liabilities to credit institutions(IFRS 16)	4 676	7 859
Other lease liabilities (IFRS 16)	176 627	15 766
Total current	192 887	28 625
Total borrowings	**312 556**	**41 356**

Bank borrowings

Bank borrowings mature until 2024 and bear average coupons of 4.5 % annually. The bank borrowings are subject to industry relevant covenants. The financial covenants are as follows:

- Net Working Capital Ratio: current assets (excluding capitalised termination fee) divided by current liabilities (less current lease liabilities acc. to IFRS 16) shall be minimum 1.30
- Booked Equity shall be minimum NOK 110 million and Booked Equity Ratio shall be minimum 40%.
- LTM EBITDA (before amortized termination fee & including cash outflow from leases) shall, on a 12 months rolling basis at all times be minimum NOK 10 mill.

As of 31 December 2021 the Net Working Capital ratio are 2.17, Booked equity NOK 289 million/61.6%, and the LTM EBITDA NOK 111.7 million. All financial covenants are well within the thresholds mentioned above. Please note that the financial covenants in the groups debt facilities exclude the effects from IFRS 16, and therefore can not be directly derived from the groups financial statements.

Total borrowings to bank and financial institutions includes secured liabilities (bank and collateralised borrowings) of NOK 30,8 million (2020: NOK 25.6 million). Bank borrowings are secured by equipment and receivables of the group (note 14).

Notes

Note 22 - Borrowings, continued

The carrying amounts and fair value of the interest-bearing debts are as follows:

	Carrying amount		Fair value	
(NOK 1000)	2021	2020	2021	2020
Bank borrowings	25 522	12 500	25 522	12 500
Lease liabilities to credit institutions(IFRS 16)	5 235	13 090	5 235	13 090
Other lease liabilities (IFRS 16)	281 798	15 766	281 798	15 766
Sum	**312 556**	**41 356**	**312 556**	**41 356**

The fair value of Bank borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.5 % and are within level 3 of the fair value hierarchy.

The carrying amounts of the group's borrowings are all denominated in Norwegian kroner.

Lease liabilities to credit institutions

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(NOK 1000)	2021	2020
Gross lease liabilities - minimum lease payments		
No later than 1 year	4 676	7 859
Later than 1 year and no later than 5 years	559	5 231
Later than 5 years	-	-
Total instalments on lease liabilities	**5 235**	**13 090**
Future finance charges on finance lease liabilities	82	334
Total instalments and finance charges on lease liabilities	**5 317**	**13 424**

There are no new covenants in 2021. Refer to note 14 Property, plant and equiptment for secured assets.
For other lease liabilities under IFRS 16 please see note 26.

Notes

Note 23 - Related parties

The following transactions were carried out with related parties:

(NOK 1000)	2021	2020
Revenue		
From MMT	240 466	233 262
From Surveyor AS (see note 13 for more information)	200	800
Cost		
To MMT	(16 162)	(37 935)
To other related parties	-	(720)
Total	**224 504**	**195 407**

MMT Sweden AB is considered as a related party through joint ownership of Surveyor AS. In March 2021 the Group acquired the remaining 50% of Surveyor AS from MMT Sweden AB with the effect that Surveyor AS is consolidated into our Group accounts as per end March 2021. Revenue from Surveyor AS in the table above reflects the transactions up until consolidation into our group accounts. Refer to note 29 for further information regarding the acquisition of Surveyor AS.

All transactions were part of the general activity and the agreements have been concluded on marked term principles in accordance with Limited Liabililty Companies Act § 3-8 and § 3-9.

Transactions with the management and the Board (salaries) can be found in note 8

Note 24 - Commitments

SHORT TERM LEASES

Costs relating to operational leases recognized in the income statement for 2021 is NOK 4.0 million, whereof NOK 1.6 million in real estate rental. The real estate rental is short term with 3 months termination notice. As of December 2021, the group has recognized a right-of-use asset related to a long-term rental agreement for offices in the acquired company Octio AS. The effect of this is that NOK 0.1 million of the recognized rental cost is classified as depreciation of right-of-use assets in 2021. Refer to note 26 and note 28 for further information.

Notes

Note 25 - Fixed-price contracts

No fixed-price contracts was entered into in 2021.

(NOK 1000)	2021	2020
Revenue recognised from fixed-price contract	-	-
Cost recognised for fixed-price contract	-	-
Net	-	-

Note 26 - Leases (Group as a lease)

Long and short term leases (commited lease term 12 months or less) of vessels and ROV's are capitalized as right- of use assets and depreciated under IFRS 16. The impact is that all cost in relation to leases of vessels/ROV's are presented as depreciation and interest expenses. No other short term leases, except for vessels and ROV's, are capitalized as right- of use assets and depreciated.

As of December 1 2021, the group has recognized a right-of-use asset related to a long-term rental agreement for offices in the acquired company Octio AS. Capitalized addition related to the rental agreement was NOK 5.2 million, with an ending balance December 31. 2021 of NOK 5.1 million (right-of-use) and NOK 5.1 million (lease liability), and is included in the numbers presented in this note.

As of December 31 2021, Right of use assets in the balance sheet consist of contractual commitments for vessels and the offices. Short term leases with no contractual commitment (pay as you go contracts), are not capitalized.

At inception of a contract the lease liability and the corresponding Right-of-use assets is measured at the present value of the estimated lease payments. Short term hired in vessels and ROV's are treated as short term leases under IFRS 16 and are also recognized as depreciations. The calculated lease liability is calculated with a discount rate of 5%.

For leases towards credit institutions please see note 22. The following tables are related to leases, except for leases towards credit institutions.

Notes

Note 26 - Leases (Group as a lease), continued

Movement schedule for right of use assets and lease liabilities (NOK 1000)	Right of use asset	Interest-bearing debt non-current	Interest-bearing debt, current
Opening balance 01.01.2021	13 534	-	15 766
Additions	409 648	-	409 648
Disposals	-	-	-
Adjusted commitment	-	-	(368)
Depreciation	(145 975)	-	-
Impairment	-	-	-
Interests	-	-	5 861
Reclassed from short to long term	-	105 171	(105 171)
Currency adjustments	-	-	131
Payments	-	-	(149 239)
Ending balance 31.12.2021	**277 212**	**105 171**	**176 627**

Movement schedule for right of use assets and lease liabilities (NOK 1000)	Right of use asset	Interest-bearing debt non-current	Interest-bearing debt, current
Opening balance 01.01.2020	133 203	58 783	82 497
Additions	62 721	-	62 721
Disposals	-	-	-
Adjusted commitment	(71 027)	-	(86 892)
Depreciation	(103 857)	-	-
Impairment	(7 505)	-	-
Interests	-	-	4 252
Reclassed from long to short term	-	(58 783)	58 783
Currency adjustments	-	-	5 725
Payments	-	-	(111 320)
Ending balance 31.12.2020	**13 534**	**-**	**15 766**

Notes

Note 26 - Leases (Group as a lease), continued

Lease liabilities (NOK 1000)	2021	2020
Amounts due for settlement within 12 months (shown under current liabilities)	176 627	15 766
Amounts due for settlement after 12 months (present value)	105 171	-
Total	**281 798**	**15 766**

Maturity analysis (NOK 1000)	2021	2020
Not later than 1 year	176 627	15 766
Later than 1 year and not later than 5 years	105 171	-
Later than 5 years	-	-
Total instalments	**281 798**	**15 766**
Future finance charges	13 798	0
Total instaltments and finance charges	**295 596**	**15 766**

Reconciliation of depreciation (NOK 1000)	2021	2020
Depreciations of long term right- of use assets	145 975	103 857
Depreciations of short term right- of use assets (Pay as you go contracts)	57 459	70 945
Depreciations of other assets (Note 14)	36 370	33 584
Total depreciations	**239 807**	**208 386**

Other Information related to leases:

For information related to leases to credit institutions, see note 22.

For information related to cost of short term leases (except for Vessels and ROV's), see note 7.

For information related to righ-of-use assets, see note 14.

Notes

Note 27 - Contract with customers

The Groups revenue comprises of revenue recognized from contract with customers for the provision of subsea services. Reach Subsea has assessed its contracts with customers and concluded that these fall under the definition of customer contracts in IFRS 15.

2021 (NOK 1000)	Oil and gas	Renewable/Other	Total
Revenue from contracts with customers	296 823	135 963	432 786
Revenue from contracts with customers in cooperation with MMT	175 094	65 373	240 467
Segment revenue	**471 917**	**201 336**	**673 253**

Timing of revenue recognition	Oil and gas	Renewable/Other	Total
At a point in time	-	-	-
Over time	471 917	201 336	673 253
Sum	**471 917**	**201 336**	**673 253**

2020 (NOK 1000)	Oil and gas	Renewable/Other	Total
Revenue from contracts with customers	330 013	64 755	394 768
Revenue from contracts with customers in cooperation with MMT	143 376	89 886	233 262
Segment revenue	**473 389**	**154 641**	**628 030**

Timing of revenue recognition	Oil and gas	Renewable/Other	Total
At a point in time	9 160	-	9 160
Over time	464 229	154 641	618 870
Sum	**473 389**	**154 641**	**628 030**

Notes

Note 27 - Contract with customers, continued

REVENUE BY REGION

(NOK 1000)	2021	2020
Norway	232 074	160 306
United Kingdom	133 942	101 915
USA	92 740	30 773
Germany	63 464	-
Trinidad og Tobago	57 307	80 178
Spain	34 847	-
Sweden	34 800	221 469
Denmark	8 575	-
BRAZIL	8 406	-
France	7 098	-
OTHER	-	7 497
Turkey		25 892
Total	**673 253**	**628 030**

ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The group has recognized the following assets and liabilities related to contracts with customers:

(NOK 1000)	31.12.2021	31.12.2020
Current contract assets	31 747	40 529
Loss allowance	-	-
Total contract assets	**31 747**	**40 529**
Contract liabilities	**-**	**-**
Total current contract liabilities	-	-
Revenue recognised that was included in contract liability balance at beginning of period	-	-
Revenue recognised from performance obligations satisfied in previous periods	75	502

The group has not recognised any assets from costs incurred to fulfil a contract at 31 December 2021 (2020: 0).

Notes

Note 28 - Business combinations

ACQUISITION OF SURVEYOR AS

In March 2021 our joint venture partner MMT Sweden AB ("MMT") was acquired by Ocean Infinity. This transaction triggered an option for Reach Subsea to purchase MMT's shares (50%) in our jointly owned entity Surveyor AS at book value. This option was exercised 31.03.2021 with the effect that the balance sheet for Surveyor AS is consolidated into our Group accounts as per end March 2021. The transaction was closed in June 2021. After the transaction Reach Subsea holds 100% of the shares in Surveyor AS.

A purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price for MMT's share was NOK 22.8 million. The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

Purchase price allocation (NOK 1000)	
Property, plant and equipment	44 855
Trade receivables	8 778
Other receivables	8 250
Cash and cash equivalents	12 482
Total assets	**74 365**
Interest-bearing debt to credit institutions	22 961
Trade payables	5 601
Other current liabilities	246
Total liabilities	**28 807**
Total identifiable net assets at fair value	45 558
Whereof 50 % aquired	22 779
Total consideration	22 779
Goodwill	-

SUMMARY

No goodwill or gain from a bargain purchase were recognized as a result of the transaction.

ACQUIRED RECEIVABLES

The fair value of the aquired trade recievebles equals the book value of recievables in the acquired company.

REVENUE AND PROFIT CONTRIBUTION

The acquired business contributed revenues of NOK 11.58 million and net profit of NOK -6.10 million to the group for the period from 1 April to 31 December 2021.

Notes

Note 28 - Business combinations, continued

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been NOK 691.27 million and NOK 93.97 million respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2021, together with the consequential tax effects.

ACQUSITION OF OCTIO AS, GRAVITUDE AS, MONVIRO AS AND MONVIRO CCS AS ("OCTIO GROUP")

In December 2021 Reach Subsea acquired Octio AS, Gravitude AS, Monviro AS and Monviro Ccs AS, "Octio Group". The agreement was finalized 30.11.2021 with the effect that the balance sheet for Octio Group is consolidated into our Group accounts as per end November 2021. The transaction was closed on 08.12.2021. After the transaction Reach Subsea holds 100% of the shares.

A purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The total agreed purchase price for the shares is NOK 32.6 million. The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

Purchase price allocation (NOK 1000)	
Deferred tax assets	11 231
Research and development	2 825
Property, plant and equipment	13 385
Trade receivables	6 016
Other receivables	**2 352**
Cash and cash equivalents	19 196
Total assets	55 004
Other long term liabilities	2 840
Trade payables	**2 017**
Other current liabilities	4 316
Total liabilities	9 172
Total identifiable net assets at fair value	45 832
Total consideration*	**32 567**
Goodwill	**(13 265)**

* Of the total consideration of NOK 32.6 million, NOK 25.0 million was transfered to the seller in December 2021, and NOK 7.6 million of the consideration was transferred to the seller in January 2022

Notes

Note 28 - Business combinations, continued

SUMMARY

The Group's share of the fair value of the identifiable net assets of the aquired associates exceeds the cost of acquisition paid by the group. The main reason why the transaction resulted in a gain is related to the recognition of deferred tax asset in the purchase price allocation. The gain from the bargain purchase is recognized in other income.

ACQUIRED RECEIVABLES

The fair value of the aquired trade receivables equals the book value of recievables in the acquired company.

REVENUE AND PROFIT CONTRIBUTION

The acquired business contributed revenues of NOK 0.87 million and net profit of NOK -3.45 million to the group for the period from 1 December to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been NOK 712.54 million and NOK 75.76 million respectively

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2021, together with the consequential tax effects.

Notes

Note 29 - Subsequent events

NEW COMMITMENTS

The Group has entered into new agreements valid from Q1 2022. Based on contractual commitments, NOK 69.9 million will be capitalized as additions to Right-of-use assets in Q1 2022.

PROPOSED DIVIDENDS

The Board proposed a dividend of NOK 0.18 per share, in accordance with the company's dividend policy, to be resolved on the AGM on 30 May 2022.

STRATEGIC PARTNER

Wilhelmsen New Energy AS, a wholly owned subsidiary of Wilh. Wilhelmsen Holding ASA, has on 17 February 2022 agreed to subscribe for, and be allocated, 46,126,567 new shares in Reach Subsea ASA at a subscription price of NOK 3.25 per share. The shares will represent 21% of the shares and votes in Reach Subsea ASA following the issuance of 33,846,153 new shares to iSurvey Holding AS (as further described below).

The agreement also includes the issuance of warrants, whereby Wilhelmsen New Energy AS will receive the right to subscribe for and be allocated an additional 44,766,864 new shares in Reach Subsea ASA at a subscription price of NOK 4.00 per share, corresponding to 20% of the shares in Reach Subsea ASA after the abovementioned issue of shares to iSurvey Holding AS. The warrants have a duration of three years and can be exercised at any time. The private placement and the issuance of the warrants was approved on an extraordinary general meeting in Reach Subsea ASA, held on 15 March 2022. After the approval by the extraordinary general meeting, Wilhelmsen New Energy AS will have a combined holding of shares and warrants of 90,893,431, corresponding to 41% of the issued shares in Reach Subsea ASA following the share issue to iSurvey Holding AS (but not taking into account the new shares that would be issued upon an exercise of the warrants). Wilhelmsen New Energy AS' ownership on a fully diluted basis (taking into account both the warrants and all outstanding stock options) will be 33%.

ACQUISITION OF ISURVEY GROUP

On February 17. 2022 Reach Subsea ASA has entered into an agreement with iSURVEY Holding AS to acquire ISURVEY Group AS for NOK 135 million on a neutral working capital and debt basis. The transaction will be settled through the issuance of 33.8 million shares in Reach, valued at NOK 3.25 per share, and NOK 25 million in cash.

Following completion of the transaction, and completion of the NOK 150 million private placement towards Wilhelmsen New Energy AS, iSURVEY Holding AS will become a 15% shareholder in Reach. The transaction was approved at an extraordinary general meeting in Reach held on 15 March 2022.

Both transactions were closed 22 March 2022.

Financial Statements

Reach Subsea ASA Parent Company

Income statement Reach Subsea ASA

(NOK 1000)	2021	2020	NOTES
Operating income and cost			
Revenue	9 911	72 046	10,13
Total operating income	**9 911**	**72 046**	
Payroll expenses	11 081	9 242	7,9
Other operating expenses	2 917	67 778	9,10,13
Operating expenses	**13 999**	**77 020**	
Operating profit	**(4 088)**	**(4 974)**	
Financial income and costs			
Other interest income	0	0	
Interest income from group companies	792	7 768	
Other financial income	84 642	25 691	12
Financial income	**85 434**	**33 459**	
Other Interest expenses	-	-	
Other financial expenses	329	448	
Financial cost	**329**	**448**	
Profit (loss) before tax	**81 016**	**28 037**	
Taxes	15 024	-	8
Profit (loss) for the year	**96 040**	**28 037**	
Brought forward			
Proposed dividend	40 484	21 541	
To other equity	55 556	6 496	
Total brought forward	**96 040**	**28 037**	

Balance sheet
Reach Subsea ASA

(NOK 1000)	2021	2020	NOTES
ASSETS			
Non-current assets			
Deferred tax asset	18 947	3 923	8
	18 947	**3 923**	
Financial fixed assets			
Investments in subsidiaries	196 040	196 040	1
Total financial fixed assets	**196 040**	**196 040**	
Total non-current assets	**214 987**	**199 964**	
Current assets			
Accounts receivables	-	11 823	
Receivables from group companies	102 935	39 003	2,3
Other receivables	1 023	188	
Total debtors	**103 958**	**51 014**	
Cash and bank deposits	5 074	4 636	4
Total current assets	**109 032**	**55 650**	
Total assets	**324 019**	**255 614**	

Balance sheet, continued
Reach Subsea ASA

(NOK 1000)	2021	2020	NOTES
EQUITY & LIABILITIES			
Restricted equity			
Share capital	144 941	143 606	5,6
Share premium	63 979	61 581	5
Total restricted equity	**208 920**	**205 187**	
Other equity	70 603	15 048	5
Total retained earnings	**70 603**	**15 048**	
Total equity	**279 524**	**220 235**	
Short term liabilities			
Accounts payable	191	12 043	3
Public duties payable	1 653	859	
Proposed dividend	40 484	21 541	
Other short term liabilities	2 167	935	
Total short term liabilities	**44 496**	**35 378**	
Total liabilities	**44 496**	**35 378**	
Total equity and liabilities	**324 019**	**255 614**	

Haugesund,
31 March 2021

/s/ Rachid Bendriss
Chairperson of the Board

/s/ Kåre Johannes Lie
Deputy Chairperson of the Board

/s/ Martha Kold Bakkevig
Board member

/s/ Kristine Skeie
Board member

/s/ Ingunn Ø. Iveland
Board member

/s/ Anders Onarheim
Board member

/s/ Jostein Alendal
Managing Director

Cash flow
Reach Subsea ASA

(NOK 1000)	2021	2020
Cash flow from operating activities		
Profit (loss) before taxes	81 016	28 037
Paid taxes	-	-
Change in trade debtors	(11 852)	11 885
Change in trade creditors	11 823	(11 823)
Change in other provisions	(62 353)	(25 077)
Net cash flow from operations	**18 634**	**3 022**
Cash flow from investments		
Investment in shares and loans to subsidiaries	-	-
Net cash flow from investments	**-**	**-**
Financing		
Loans		
Repayment of loan	-	-
Paid dividend	(21 541)	-
Share issues	3 119	-
Net cash flow from financing activities	**(18 422)**	**-**
Net cash flow for the year	**212**	**3 022**
Profit (loss) due to exchange rate fluctuations on cash	226	
Cash and cash equivalent 1/1	4 636	1 614
Cash and cash equivalent 31/12	**5 074**	**4 636**

Notes
Reach Subsea ASA

Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Revenues

Income from sale of services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Historical data is applied to estimate and recognise provisions for quantity rebates and returns at the sales date. Provisions for expected guarantee work are recognised as expenses and provisions for liabilities. Services are recognised in proportion to the work performed.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

For fixed assets and intangible assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the asset.

Investments in other companies

Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Notes
Reach Subsea ASA

Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Pensions

The company has defined contribution plans. With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Options

The Company has established a option program. The option cost are based on a Black & Scholes model, and the cost are amortized over the vesting periode.

Notes
Reach Subsea ASA

Note 1 - Subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Subsidiaries	Location	Ownership/ voting right	Equity (100 %)	Result (100 %)	Balance sheet value
Reach Subsea AS	Haugesund	100 %	157 703	58 401	196 040

Note 2 - Debtors and liabilities

Trade debtors (NOK 1000)	2021	2020
Trade debtors at nominal value from external parties	-	11 823
Receivables at nominal value from group companies	102 935	39 003
Bad debts provision	-	-
Trade debtors in the balance sheet	**102 935**	**50 826**

Debtors which fall due later than one year	2021	2020
Loans to employees	-	-
Other non current assets	-	-
Total	-	-

Long term liabilities which fall due later than 5 years	2021	2020
Liabilities to credit institution	-	-
Other long term liabilities (specify)	-	-
Total	-	-

Guarantees	2021	2020
Mortgage loan guarantees		

Notes
Reach Subsea ASA

Note 3 - Balance with group companies, etc.

(NOK 1000)	Current assets		Non-current assets	
	2021	2020	2021	2020
Group companies	102 935	39 003	-	-
Associated companies	-	-	-	-
Joint ventures	-	-	-	-
Total	**102 935**	**39 003**	**-**	**-**

The balance as of 31.12.21 includes group contributions of NOK 84.4 million.

(NOK 1000)	Current liabilities		Non-current liabilities	
	2021	2020	2021	2020
Group companies	63	11 972	-	-
Associated companies	-	-	-	-
Joint ventures	-	-	-	-
Total	**63**	**11 972**	**-**	**-**

Note 4 - Restricted bank deposits, overdraft facilities

Restricted bank deposits (NOK 1000)	2021	2020
Withheld employee taxes	1 284	662

Note 5 - Shareholder's equity

Equity changes in the year (NOK 1000)	Share capital	Share premium reserve	Other equity	Total
Equity 01.01.	143 606	61 581	15 048	220 235
Profit for the year	-	-	96 040	96 040
Share issue	975	1 948		2 923
Share issue, not registrered	360	450		810
Proposed dividend	-	-	(40 484)	(40 484)
Equity 31.12.	**144 941**	**63 979**	**70 604**	**279 524**

Notes
Reach Subsea ASA

Note 6 - Share capital and shareholder information

The companys share capital amounts to NOK 144 940 708 divided into 144 940 708 shares, each with a nominal value of NOK 1.00. This includes 360,000 shares not yet registered.

	List of (20) major shareholders at 31.12.2021	Number of shares	Ownership
1.	NORTH ENERGY ASA	46 126 567	32 %
2.	JOSO INVEST AS	7 564 589	5 %
3.	HOLME HOLDING AS	6 206 000	4 %
4.	JT INVEST AS	5 529 539	4 %
5.	SOBER AS	5 200 000	4 %
6.	NORMAND DRIFT AS	5 000 000	3 %
7.	VERDIPAPIRFONDET EIKA NORGE	4 418 418	3 %
8.	Danske Invest Norge Vekst	2 820 462	2 %
9.	CORUNA AS	2 500 000	2 %
10.	LION INVEST AS	2 400 000	2 %
11.	STAVA INVEST AS	2 300 000	2 %
12.	RMS INVEST AS	2 000 000	1 %
13.	TEOMAR AS	2 000 000	1 %
14.	A-Å INVEST AS	1 938 725	1 %
15.	SMS INVESTERING AS	1 652 366	1 %
16.	NÆRINGSLIVETS HOVEDORGANISASJON	1 517 532	1 %
17.	BARRUS CAPITAL AS	1 510 090	1 %
18.	FREEMAN SHIPPING & OFFSHORE AS	1 510 053	1 %
19.	TEM INVEST AS	1 250 000	1 %
20.	CASTEL AS	1 248 517	1 %
	20 largest	104 692 858	72 %
	The rest of shareholders	40 247 850	28 %
	Total number of shares	**144 940 708**	**100 %**

After year end the Group announced the acquisition of 100% of the shares in iSurvey Group AS from iSurvey Holding AS for NOK 135 million. The transaction was settled through the issuance of 33,846,153 shares in Reach, valued at NOK 3.25 per share, and NOK 25 million in cash. In addition, new equity was raised by entering into a strategic partnership with Wilhelmsen New Energy AS, by issuing 46,126,567 new shares in Reach Subsea ASA at a subscription price of NOK 3.25 per share. Wilhelmsen has also received warrants to subscribe for 44,766,864 additional shares (nominal price NOK 1.0, subscription price NOK 4.0). The transactions were subsequently completed on 22 March 2022. The Company's new share capital is NOK 224,913,428, divided into 224,913,428 shares, each with a nominal value of NOK 1.

Notes
Reach Subsea ASA

Note 7 - Options

In 2021 the Board of directors of Reach Subsea ASA approved a stock option scheme to further align the interests of the participating employees in Reach Subsea with those of the shareholders. The stock option scheme was finalised with a signed agreement between the company and Management and certain key employees 15.12.2021. Management and certain key employees of the Reach Subsea-group is granted the right to acquire up to a certain maximum number of shares in the Company at a fixed strike price ("the Option"). The strike price is set equal to the volume weighted average share price of the Company´s stock traded on the Oslo Stock Exchange 10 days prior to the finalization of the option scheme.

The options are vested with 1/3 each year, over a period of three years until 31.12.2024. The options are non-tradable and conditional upon the participant being employed by the Reach Subsea-group at the vesting date. The stock option plan constitued a maximum of 3.000.000 options equivalent to a similar number of Reach Subsea ASA shares. No cost have been recognized related to the options in 2021.

The fair value at grant date was determined using a Black Scholes Model. The most significant inputs and assumptions in determining fair value at grant date was:

Excercise price:	NOK 3.0
Share price at grant date:	NOK 3.0
Expected volatility:	NOK 56.14%
Risk free interest rate:	NOK 1.092%
Term of options:	3 years

Notes
Reach Subsea ASA

Note 7 - Options, continued

Movements in the number of share options and their related weighted average exercise prices were as follows:

	2021		2020	
(NOK 1000)	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
At 1 January	-	-	1.88	1 164 944
Granted	3.00	3 000 000	-	-
Forfeited	-	-	-	-
Exercised	-	-	1.75	60 000
Expired	-	-	-	1 104 944
At 31 December	**3.00**	**3 000 000**	**0**	**0**

The group has no legal or constructive obligation to repurchase or settle the options in cash.

Note 8 - Taxes

Calculation of deferred tax/deferred tax benefit (NOK 1000)	2021	2020
Temporary differences		
Non-current assets	(73)	(73)
Other temporary differences	-	-
Net temporary differences	(73)	(73)
Tax losses carried forward	(86 047)	(167 049)
Basis for deferred tax	**(86 120)**	**(167 122)**
Deferred tax asset	(18 947)	(36 767)
Deferred tax asset not shown in the balance sheet	-	32 844
Deferred tax in the balance sheet	**(18 947)**	(3 923)

Deferred tax assets are recognized in the balance sheet based on expected utilization of tax losses carried forward and temporary differences. The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes
Reach Subsea ASA

Note 8 - Taxes, continued

Basis for income tax expense, changes in deferred tax and tax payable (NOK 1000)	2021	2020
Result before taxes	81 016	28 037
Group contribution recognised	(84 408)	(23 716)
Basis for the tax expense for the year	**(3 391)**	**4 321**
Change in temporary differences	(15)	(18)
Basis for payable taxes in the income statement	**(3 406)**	**4 303**
+/- Group contributions received/given	84 408	23 716
Use of tax losses carried forward	(81 002)	(28 018)
Taxable income (basis for payable taxes in the balance sheet)	**-**	**-**

Components of the income tax expense (NOK 1000)	2021	2020
Payable tax on this year's result	-	-
Adjustment in respect of priors	-	-
Total payable tax	**-**	**-**
Change in deferred tax	(15 024)	-
Tax expense	**(15 024)**	**-**

Payable taxes in the balance sheet	2021	2020
Payable tax in the tax charge	-	-
Tax effect of group contribution	-	-
Payable tax in the balance sheet	**-**	**-**

Notes
Reach Subsea ASA

Note 9 - Payroll expenses, number of employees, remuneration, loans to employees, etc.

Payroll expenses (NOK 1000)	2021	2020
Salaries and wages including holiday allowance	8 147	7 383
Social security fees	1 375	1 115
Pension expenses	360	344
Other remuneration	1 200	400
Total	**11 081**	**9 242**
Number of man-year	4	4

The company has a defined contribution pension scheem which cover all employees.

The company's pension schemes met the requirements of the law on compulsory occupational pension.

Remuneration to executives	General manager	Board
Salaries/board fee	1 780	1 545
Pension expenses	90	-
Other remuneration	300	-
Share options granted	450	-

Expensed audit fee (NOK 1000)	2021	2020
Statutory audit (incl. technical assistance with financial statements)	600	605
Other assurance services	-	-
Tax advisory fee (incl. technical assistance with tax return)	-	75
Other assistance	275	199
Advisory fee booked to equity	-	-
Total audit fees	875	879

VAT is not included in the audit fee.

Notes
Reach Subsea ASA

Note 10 - Related-party transactions

The company has undertaken various transactions with related parties consisting of brokerage of management fee, vessels and leasing av office premises for the year. All transactions are carried out as part of the normal course of business and carried out on commercial terms in accordance with Companies Act §§ 3-8 and 3-9.

Transactions with the management and the Board (salaries) can be found in note 9.

Note 11 - Profit (loss) per share

Profit (loss) per share is calculated on the profit (loss) divided by the average number of shares issued.

	2021	2020
Profit (loss)	96 040	28 037
Profit (loss) per share (NOK)	0.67	0.20
Diluted profit (loss) per share (NOK)	0.67	0.20
Average number of shares	143 677 290	143 546 172
Average diluted number of shares	143 677 290	143 546 172
Number of shares 1/1	143 606 008	143 546 008
Number of shares 31/12	144 940 708	143 606 008

Note 12 - Other financial income

Payroll expenses (NOK 1000)	2021	2020
Foreign exchange income	234	1 976
Group contribution from Reach Subsea AS	84 040	21 588
Group contribution from Connect Offshore AS	368	2 127
Other financial income	**84 642**	**25 691**

Notes
Reach Subsea ASA

Note 13 - Revenue and operating expenses

In 2021 the Company's turnover was NOK 9.9 million (NOK 72.0 million in 2020). The decrease is related to an operational project flow through of turnover and expenses in 2020, whilst in 2021 activity was limited to consultancy services to the Group companies.

Note 14 - Subsequent events

PROPOSED DIVIDENDS

The Board proposed a dividend of NOK 0.18 per share, in accordance with the company's dividend policy, to be resolved on the AGM on 30 May 2022.

STRATEGIC PARTNER

"Wilhelmsen New Energy AS, a wholly owned subsidiary of Wilh. Wilhelmsen Holding ASA, has on 17 February 2022 agreed to subscribe for, and be allocated, 46,126,567 new shares in Reach Subsea ASA at a subscription price of NOK 3.25 per share. The shares will represent 21% of the shares and votes in Reach Subsea ASA following the issuance of 33,846,153 new shares to iSurvey Holding AS (as further described below).

The agreement also includes the issuance of warrants, whereby Wilhelmsen New Energy AS will receive the right to subscribe for and be allocated an additional 44,766,864 new shares in Reach Subsea ASA at a subscription price of NOK 4.00 per share, corresponding to 20% of the shares in Reach Subsea ASA after the abovementioned issue of shares to iSurvey Holding AS. The warrants have a duration of three years and can be exercised at any time. The private placement and the issuance of the warrants was approved on an extraordinary general meeting in Reach Subsea ASA, held on 15 March 2022. After the approval by the extraordinary general meeting, Wilhelmsen New Energy AS will have a combined holding of shares and warrants of 90,893,431, corresponding to 41% of the issued shares in Reach Subsea ASA following the share issue to iSurvey Holding AS (but not taking into account the new shares that would be issued upon an exercise of the warrants). Wilhelmsen New Energy AS' ownership on a fully diluted basis (taking into account both the warrants and all outstanding stock options) will be 33%.

ACQUISITION OF ISURVEY GROUP AS

On February 17. 2022 Reach Subsea ASA has entered into an agreement with iSURVEY Holding AS to acquire ISURVEY Group AS for NOK 135 million on a neutral working capital and debt basis. The transaction will be settled through the issuance of 33.8 million shares in Reach, valued at NOK 3.25 per share, and NOK 25 million in cash.

Following completion of the transaction, and completion of the NOK 150 million private placement towards Wilhelmsen New Energy AS, iSURVEY Holding AS will become a 15% shareholder in Reach. The transaction was approved at an extraordinary general meeting in Reach held on 15 March 2022. The transaction was closed in March 2022.

To the General Meeting of Reach Subsea ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reach Subsea ASA, which comprise:

- The financial statements of the parent company Reach Subsea ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Reach Subsea ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Independent Auditor's Report - Reach Subsea ASA

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We have been the auditor of the Company for 10 years from the election by the general meeting of the shareholders on 18 December 2012 for the accounting year 2012.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters. As a result of a continued high activity level for the Group in 2021 the need for leased vessels and ROV's have been high. We focused on *the Accounting for leases and impairment of right of use assets*.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for leases and impairment of right of use assets The high activity level during 2021 has resulted in an increased need for vessels and ROVs, which management has secured through leasing. Management uses both short- and long-term leases, depending on the current needs of the operations. In line with Reach's accounting policies for leases, long and short-term leases of vessels and ROV's are capitalized as right of use assets and depreciated under IFRS 16. The high level of leasing requires management to prepare accurate and, to a degree, complex calculations to recognise assets and liabilities. This imply in itself, an inherent risk of material errors in the financial statements. Further, the use of IFRS 16, requires management to perform impairment tests where use of judgement is necessary. We focused on this area due to the importance the resulting figures have on several line items in the financial statements, and the level of complexity and use of judgement necessary to arrive at reasonable numbers. In 2021, the effects on the profit and loss statement are a total of NOK 203,4 million in	We assessed management's accounting policy for leases and found them to be in line with IFRS requirements. We inquired with management about how they identify which lease contracts should be capitalized and which lease contracts should be expensed. We obtained management's schedule and reconciliation of expenses related to leases of vessels and ROVs. We tested the details in the schedule and the reconciliation towards supporting documentation to inspect whether contracts were correctly identified and classified as either short- or long-term leases. Next, we obtained management's lease calculation models. We assessed whether the models contained the elements we expect from such models. To check whether all contracts were correctly identified and recorded in the model we reconciled the model against the above-mentioned schedule. We assessed the key inputs in the lease calculation by testing the details towards the individual contracts and actual lease payments. Further we tested the logic and mathematical accuracy of the model itself, and whether it performed calculations of asset

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depreciation of right of use assets and NOK 5,9 million in interest cost. The balance sheet showed a total carrying value of right of use assets of NOK 277,2 million and a total lease liability of NOK 281,8 million at 31 December 2021.	values, lease liabilities, depreciation and interest cost as expected. We evaluated management's impairment memo and concur with management's assessment that no impairment triggers were present at 31.12.21. We evaluated the appropriateness of the related disclosures in notes 14 and 26 and found that they satisfied IFRS requirements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the

Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name REACH-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Stavanger, 31 March 2022

PricewaterhouseCoopers AS

Arne Birkeland

State Authorised Public Accountant

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Everything you need is within reach.

Jostein Alendal

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